

Maryland Higher Education Commission

Finance Policy Committee Meeting Agenda

1:30 p.m.

Thursday, March 10, 2005

Maryland Higher Education Commission

839 Bestgate Road, Suite 400

Annapolis, MD 21401

MARYLAND HIGHER EDUCATION COMMISSION

John J. Oliver, Jr., Chairman

Donald J. Slowinski, Sr., Vice Chairman

Joann A. Boughman

Anne Osborn Emery

Alicia Coro Hoffman

Ilona Modly Hogan

Kevin M. O'Keefe

Emmett Paige, Jr.

Sherman L. Ragland, II

Justin M. Towles

Mario F. VillaSanta

Calvin W. Burnett
Secretary of Higher Education

Robert L. Ehrlich, Jr.
Governor

Michael S. Steele
Lt. Governor

**MARYLAND HIGHER EDUCATION COMMISSION
FINANCE POLICY COMMITTEE**

Ilona Modly Hogan

Sherman L. Ragland, II

Donald J. Slowinski, Sr.

Janice B. Doyle
Assistant Secretary for Finance Policy

Robert L. Ehrlich, Jr.
Governor

Michael S. Steele
Lt. Governor

**MARYLAND HIGHER EDUCATION COMMISSION
FINANCE POLICY COMMITTEE**

AGENDA

TIME: 1:30 p.m.
Thursday
March 10, 2005

PLACE: 839 Bestgate Road, Suite 400
Annapolis, MD 21401

	<u>Page</u>	<u>Action Item</u>
Call to Order		
Approval of the October 21, 2004 Minutes	1	*
Guideline Revisions for Student Financial Assistance Programs.....	9	*
Leasing the Eastern Shore Higher Education Center and Land to Outside Entities	93	*
FY 2007 Capital Budget Priorities.....	99	*
Community College Capital Grant Program: State and Local Cost-Sharing Formula	103	
Report on the Private Donation Incentive Program	105	
Report on the Innovative Partnerships for Technology Program	121	

<p>The Maryland Higher Education Commission is committed to ensuring that individuals with disabilities are able to fully participate in and benefit from the Commission's public meetings, programs, and services. Anyone planning to attend a meeting of the Commission who wishes to receive auxiliary aids, services, or accommodations should contact Susan Taylor at 410-260-4539 or 1-800-735-2258 (TTY/Voice) by March 7, 2005.</p>

MARYLAND HIGHER EDUCATION COMMISSION

Finance Policy Committee

Minutes of Meeting

October 21, 2004

The Finance Policy Committee met on Thursday, October 21, 2004, at the Maryland Higher Education Commission, 839 Bestgate Road, Suite 400, Annapolis, Maryland. Commission members present were: Dr. Donald Slowinski, Sr., Chair; Ms. Alicia Coro-Hoffman; and Mr. Justin M. Towles.

Staff members present were: Calvin W. Burnett, Secretary; Janice Doyle, Assistant Secretary; Michael Kiphart, Assistant Secretary; Michael McArdle, Assistant Secretary; Pace McConkie, Assistant Attorney General; David Beard; Jeff Cann; Patricia Faulkner; Paula Fitzwater; Andrea Mansfield; Geoffrey Newman; Cheryl Spradley; David Sumler; Susan Taylor; Cathy Tidwell; and Linda West.

A quorum of the Finance Policy Committee was not present for the meeting. All action items were presented, discussed and considered in detail and were forwarded to the full Commission without the benefit of a quorum vote. Among those present, a vote was taken on each action item to represent a consensus of those present.

CALL TO ORDER

Commissioner Slowinski called the meeting to order at 1:32 p.m.

OPENING REMARKS

Commissioner Slowinski welcomed Commissioner Coro-Hoffman who was in attendance for the meeting.

APPROVAL OF MINUTES

The Commissioners reviewed the Finance Policy Committee meeting minutes from the September 16, 2004, meeting. Chairman Slowinski requested one amendment. Under the heading of the Laurel College Center, Chairman Slowinski requested that the minutes reflect the question he asked of the Laurel College Center representatives. At that meeting, Chairman Slowinski asked about the qualification of the Center as a Regional Higher Education Center and asked whether or not it was an extension center in partnership with two community colleges moving toward a regional higher education center. He added that he felt it important that the minutes reflect that the question had been asked because he felt there would be a continuing dialog as the Commission moves forward with a review of the regional higher education centers.

OPERATING AND CAPITAL BUDGET PRESENTATIONS

University System of Maryland

Mr. Joseph Vivona, Vice Chancellor of Administration and Finance, presented an overview of the University System of Maryland's (USM) FY 2006 operating a capital budget. He began by explaining that in years past USM submitted their operating budget in late August to the Governor for his review. However, this year, due to issues of State revenue and the condition of the State budget, and with the cooperation and endorsement from the Department of Budget and Management, they have agreed to delay the submission until they have more information about the State's overall fiscal condition. USM plans to submit their budget in early December.

Mr. Vivona stated that USM does, however, have a great deal of information about where they are going with their operating budget and presented the Committee with a handout detailing their requests. He began the presentation by describing where USM is in the current fiscal year to give context and the base against which they are building their 2006 budget. The universities under USM currently have over 95,000 full-time students enrolled, numbers which are at an all-time high; however, not as high as originally projected due to financial constraints. As USM moves forward into 2006, they have put together a plan to deal with those constraints. Mr. Vivona also discussed the recent history, including the current number, of positions held at the universities under USM as well as the recent history of tuition increases through FY 2005.

With regard to the FY 2006 budget, Mr. Vivona informed the Committee of USM's need for an additional \$101 million and described the need for this funding listing the numerous mandatory costs, which included salary changes, pension contributions, and healthcare. He described other mandatory costs, such as operating expenses for new facilities, financial aid, and funds to cover the rising cost of energy. Mr. Vivona then listed the important endeavors USM would fund if they were to get additional general funds. This includes funds for USM's research institutes, regional centers, and funds for workforce development.

Mr. Vivona discussed the two parts of USM's capital budget request; the capital budget, which is largely paid for by the State government, and the auxiliary budget, which is largely paid for by System institutions. He added that both the Governor and the legislature have been very good to their universities.

Mr. Vivona provided a chart to the Committee, which detailed the five-year capital improvement program with the recommended five-year total, and a chart, which indicated where the funds are used. He also provided a detailed chart of the Board of Regent's FY 2006 priority list for capital projects totaling approximately \$200 million. Other graphs provided by Mr. Vivona provided information about the annual capital appropriation per FTE student, the progress on capital goals from the OCR agreement, and information about their five-year auxiliary program budget request.

Maryland Higher Education Commission

Ms. Janice Doyle, Assistant Secretary for Finance Policy, presented the Maryland Higher Education (MHEC) operating budget request for FY 2006. She began by distributing presentation material that outlined the Commission's request. The request totaled \$362 million, which is an eleven percent increase over FY 2005. Ms. Doyle listed the five major categories for which MHEC is requesting funds. Ms. Doyle provided charts, which detailed the agency requests for the Joseph A. Sellinger Program, the Aid to Community Colleges, the Educational Grant programs, and the State Scholarship programs.

Included in the total request was \$5.9 million for MHEC's general administration costs. That portion of the request is 3.4 percent lower than the budgeted amount for the current fiscal year. The agency is asking for an increase of \$288,000 to reduce the turnover rate. MHEC is currently working with minimal staff and this important request is needed to maintain staff levels to fulfill the requirements of the agency.

Ms. Doyle discussed the MHEC initiatives for FY 2006, totaling \$21 million. The list of initiatives included funds to maintain operations, the SREB membership fees, funding for Diversity Grants, increase in percent of need under the EAG program for students attending community colleges, and incentive grants to provide matching funds to institutions raising outside support for need-based financial aid. Other items listed were technology-based initiatives, which would be used for programs such as the digital library and Maryland Online.

The regional higher education centers were also included in the list of initiatives, as the Commission has had requests totaling \$2.7 million for these centers. MHEC has statewide coordinating responsibility for regional higher education centers not governed by the University System Board of Regents, and is charged with making recommendations for funding to the Governor and the General Assembly. Ms. Doyle provided a chart to the Committee, which indicated the various centers' requests. She added that the Commission had recently completed a Joint Chairman's Report on the centers and one of the findings in the report is that start-up funds are very important for high cost programs. Examples she gave included nursing and health-allied programs. Start-up funds are needed to help support non-capital equipment needs such as lab and technology needs.

Chairman Slowinski mentioned, for the record, the moratorium on regional higher education centers with respect to newly proposed centers. In the Joint Chairmen's Report, a study conducted in cooperation with all higher education segments, a recommendation was made to revise the current guidelines. Ms. Doyle said that a workgroup will be established to undertake this task in the near future.

FY 2006 CONSOLIDATED OPERATING BUDGET RECOMMENDATIONS

Ms. Doyle presented an overview of the staff's operating budget recommendations. She began by stating that the Maryland Higher Education Commission is charged with submitting

recommendations to the Governor and General Assembly on the appropriate level of funding for higher education in order to achieve the goals in the State Plan for Postsecondary Education. She pointed out that the Commission can only comment on funding priorities as a whole and cannot recommend against a budget item approved by the University System of Maryland (USM), Board of Regents, unless the item is clearly inconsistent with the State Plan.

The University System of Maryland

USM received an extension until December to submit their budget; therefore, staff was unable to provide a detailed analysis of the operating budget for USM and its constituent institutions.

Morgan State University

Morgan State University has requested a general fund appropriation of \$59.2 million for FY 2006, which includes a baseline request of \$48.9 million, and they are asking for an additional \$10.3 million for supplemental funds. These funds will be used to support enrollment growth, provide financial assistance, improve facility maintenance, and other important initiatives.

The Commission uses funding guidelines to inform the budget recommendations. The staff reviewed Morgan's budget request for consistency in relation to the funding guidelines and for consistency with the State Plan and recommends supporting Morgan's general fund request of \$59.2 million.

St. Mary's College of Maryland

St. Mary's College of Maryland general fund appropriation is calculated under a statutory formula that multiplies the prior year appropriation by the State and Local Price Deflator, a measure of inflation that considers goods and services typically purchased by states and localities. Based on that formula, St. Mary's would be receiving \$14.4 million, a 3 percent increase over FY 2005. The institution is also asking for an additional request for \$2.6 million to address non-capital costs to open a newly renovated athletic facility and a new academic building. Ms. Doyle noted that St. Mary's formula does not accommodate increased costs for enrollment growth; the college has experienced a significant increase in enrollment in the past few years. She also noted that the institution plans to increase tuition by 8.4 percent.

The Commission staff recommends supporting St. Mary's request of \$17 million for FY 2006.

Independent Institutions

The State provides funding to the independent institutions through a statutory formula under the Joseph A. Sellinger Program. For FY 2006, aid under the formula is calculated by determining 16 percent of the FTES funding for USM institutions and is multiplied by each independent institution's fall enrollment for the preceding year.

The Commission staff supports the total general fund appropriation of \$46.1 million.

Baltimore City Community College

The Baltimore City Community College (BCCC) also receives the State appropriation through a funding formula. Based on their estimated enrollment, the formula for FY 2006 State grant to BCCC is \$33.2 million. In addition, State funds are provided to BCCC to fund the college's English for Speakers of Other Languages Grant Program (ESOL). For FY 2006 the college is requesting \$500,000 for this program. Ms. Doyle noted that college plans to keep their tuition and fees at the same level this year and have not had an increase since FY 2004.

The Commission staff recommends supporting the Baltimore City Community College's State total general fund request for \$33.7 million.

Community Colleges

The Community Colleges receive their State appropriations through the John A. Cade Funding Formula. For FY 2006, the amount is 25 percent of the funding that USM institutions receive on a per FTES basis. The estimated formula aid to Community Colleges is \$153.1 million. In addition, the community colleges receive State general funds for fringe benefits in several statewide programs totaling \$41.1 million. The total request the staff recommends supporting is \$194.3 million for the State's community colleges.

Regional Higher Education Centers

Based on Ms. Doyle's previous discussion during this meeting, she stated that the Commission staff recommends supporting the regional higher education centers' requests totaling \$2.7 million.

Maryland Higher Education Commission

Again, Ms. Doyle referred to her previous discussion during this meeting with regard to the Maryland Higher Education Commission's general fund appropriation request of \$5.9 million for FY 2006. She reviewed the items contained in the list of the Commission's operating budget priorities.

In summary, staff recommended that the Finance Policy Committee approve the \$472 million in general funds for all segments of higher education, except the University System of Maryland, and forward the recommendation to the full Commission.

FY 2006 CONSOLIDATED CAPITAL BUDGET

Ms. Doyle presented the FY 2006 consolidated capital budget request for Maryland's higher education institutions. She stated that the Commission has statutory responsibility for presenting a consolidated capital budget request and recommendation to the Governor and the General Assembly. She listed the five sources through which capital projects are funded and the methods utilized by staff to defer or reduce funding for project requests when necessary. She said staff also considers capital budget requests within the framework of the State of Maryland's partnership agreement with the Office of Civil Rights. One of the primary

considerations of that agreement is adequate funding to ensure that Maryland's historically black institutions are comparable and competitive with the State's predominately white institutions.

University System of Maryland

The University System of Maryland has requested a total of \$201 million for 18 projects. Their request is approximately \$73.2 million over the capital improvement program - the targeted amount from the five-year capital improvement program.

The staff recommends supporting the System's total budget request of \$201.4 million.

Morgan State University

Morgan has requested \$41.2 million in support of eight projects. Morgan's capital budget is \$3.3 million over the capital improvement program. The largest portion of the capital request is for the renovation of Banneker Hall.

Commission staff recommends supporting Morgan's request of \$41.2 million in capital projects for FY 2006.

St. Mary's College of Maryland

St. Mary's requested \$5.6 million for three capital projects. This includes equipment funds for a new academic building and a new student services building. Additionally, funds are requested for design funds for the replacement of Anne Arundel Hall. St. Mary's capital budget request is approximately \$1 million over the capital improvement program amount, which is due to the increase in construction prices.

The staff recommends supporting St. Mary's request for \$5.6 million.

Independent Institutions

The Maryland Independent College and University Association requested \$11.5 million for four projects. Their request is \$5.5 million over the Capital Improvement Program. The Commission staff recommends funding the capital budget request for \$11.5 million.

Baltimore City Community College

The Baltimore City Community College (BCCC) has requested \$1 million in equipment funds to complete the modernization of the student services wing of the main building on the Liberty Campus. The Commission staff recommends funding their capital budget request.

Community Colleges

The Community Colleges Capital Grant Program is a program, in which the State provides assistance for the construction and improvement of facilities at community colleges. The level of State participation is determined by two criteria. First, the portion of the project that meets the space eligibility requirements for State support and, second, the State cost-sharing formula prescribed in statute.

The capital budget request is \$59.8 million, which is equal to the capital improvement program amount and includes a \$500,000 contingency allowance. Funds will support 31 community college projects. The Commission staff recommends supporting the request for \$59.8 million under the Community College Capital Grant Program.

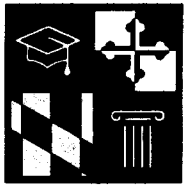
Waldorf Center for Higher Education

Ms. Doyle reported that the Waldorf Center is currently leasing its space and requesting \$4.5 million for property acquisition and planning funds for a new higher education facility. The estimated cost of that facility is \$24 million. This project is not current scheduled in the capital improvement program. The Commission staff recommends supporting the capital request of \$4.5 million.

Ms. Doyle concluded by saying that the total consolidated capital recommendation FY 2006 is \$325 million for all higher education institutions. The staff recommends that the Finance Policy Committee approve this request and forward it to the full Commission.

ADJOURNMENT

The Finance Policy Committee meeting was adjourned at 2:50 p.m.



MHEC

Creating a state of achievement

Robert L. Ehrlich, Jr.
Governor

Michael S. Steele
Lt. Governor

John J. Oliver, Jr.
Chairman

Calvin W. Burnett
Secretary of Higher Education

MEMORANDUM

DATE: March 10, 2005

TO: Finance Policy Committee

FROM: *CWB* Calvin W. Burnett STAFF: Andrea E. Mansfield

SUBJECT: Guideline Revisions for Student Financial Assistance Programs

The Office of Student Financial Assistance (OSFA) conducted an internal review of the guidelines for all programs administered by the office. As a result of this review, guideline revisions are being proposed to bring programs into compliance with current program procedures. The following changes clarify student eligibility, award amounts, and administrative practices.

Edward T. Conroy Memorial Scholarship: Clarifies the types of institutions and programs an individual may be enrolled in to be eligible to receive the scholarship.

Educational Excellence Award Program: Clarifies that filing the FAFSA by March 1 provides priority consideration for a GA award, however awards will be made throughout the year with available funds; establishes the maximum award for FY 2006; adjusts minimum values for cost of attendance to reflect recent increases; clarifies the role of the Commission in determining awarding priorities; specifies the amount of time a student has to respond to verification requests and the information that needs to be provided to verify a student's award; and clarifies the conditions that need to be met for a special circumstances appeal and the information that needs to be provided.

Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Justice Workforce Tuition Assistance Program: Clarifies that all individuals applying for this program will be ranked by cumulative GPA.

Loan Assistance Repayment Program for Primary Care Physicians: Conforms program with recent changes in federal law that excludes from gross income and employment taxes education loan repayments provided under the National Health Services Corps Loan Repayment Program and State programs eligible for funds under the Public Health Service Act. The 39% tax subsidy payment of the award is no longer applicable.

MARYLAND HIGHER EDUCATION COMMISSION

839 Bestgate Rd. • Suite 400 • Annapolis, MD 21401-3013

T 410.260.4500 • 800.974.0203 • F 410.260.3200 • TTY for the Deaf 800.735.2258 • www.mhec.state.md.us

Janet L. Hoffman Loan Assistance Repayment Program: Increases the maximum annual gross salary that a recipient can earn from \$50,000 to \$60,000 for an individual and from \$110,000 to \$130,000 for an individual that is married.

Senatorial Scholarship Program: Clarifies that student Social Security Numbers are no longer listed on the recipient or applicant rosters.

Jack F. Tolbert Memorial Student Grant Program: Increases the award amount per student from \$200 each fiscal year to \$300 each fiscal year.

William Donald Schaefer Scholarship Program: Establishes initial guidelines for the program, including eligibility requirements, application process, selection criteria, award notification, award renewal and continuation, revocation of awards, service obligation requirements, the definition of eligible employment, and waiver and appeal procedures.

RECOMMENDATION: It is recommended that the Finance Policy Committee approve the proposed guideline changes to the Student Financial Assistance Programs.

MARYLAND HIGHER EDUCATION COMMISSION

OFFICE OF STUDENT FINANCIAL ASSISTANCE

GUIDELINES

FOR THE

EDWARD T. CONROY MEMORIAL SCHOLARSHIP PROGRAM

APPROVED: ~~June~~April 2016, 20054

|

MARYLAND HIGHER EDUCATION COMMISSION

Office of Student Financial Assistance

Guidelines for the Edward T. Conroy Memorial Scholarship Program

AUTHORITY

The Edward T. Conroy Memorial Scholarship Program (Annotated Code of Maryland - Education Article Section 18-601) was consolidated with two other memorial scholarship programs in the 1990 Maryland General Assembly session. Under law (Annotated Code of Maryland - Education Article Section 18-204), the Maryland Higher Education Commission has the authority to establish regulations for the administration of this program.

A. PURPOSE

The Edward T. Conroy Memorial Scholarship Program is designed to provide financial assistance to sons and daughters of deceased, missing in action or prisoner of war United States armed forces personnel, sons and daughters of deceased public safety personnel, surviving spouses who have not remarried of deceased public safety personnel, disabled public safety personnel and sons, daughters and/or surviving spouses of victims of the September 11, 2001 terrorist attacks, attending a Maryland postsecondary institution.

B. ELIGIBILITY

To be eligible for the Edward T. Conroy Scholarship Program, an individual must be accepted for admission or enrolled in the regular undergraduate, graduate, or professional program at a Maryland postsecondary institution; or in a 2-year terminal certificate program in which the course work is acceptable for transfer credit for an accredited baccalaureate program in an eligible institution ~~attend a Maryland postsecondary institution~~ on at least a part-time basis and be one of the following:

1. a son or daughter at least 16 years old who is:
 - a. a resident of Maryland;
 - b. a student at a Maryland high school at the time of application (2004 only); or
 - c. graduated from a Maryland high school within three months of application (2004 only).

whose parent:

- a. served in the United States Armed Forces after December 7, 1941 and was a Maryland resident at the time the parent died or was totally and permanently disabled as a result of military service;
 - b. was a Maryland resident at the time the parent was declared to be a prisoner of war or missing in action as a result of the Vietnam Conflict;
 - c. was a State or local public safety employee killed in the line of duty;
 - d. was a prisoner of war as a result of the Vietnam Conflict on or after January 1, 1960 and was a resident of Maryland at the time the applicant was declared to be a prisoner of war or missing in action; or
 - e. was a victim of the September 11, 2001 terrorist attacks.
- 2. a surviving spouse (a person who has not remarried) of a State or local public safety employee killed in the line of duty or a victim of the September 11, 2001 terrorist attacks; or
 - 3. a 100 percent disabled public safety employee; or
 - 4. a Veteran who suffers a service-related disability of 25% or greater; and who has exhausted or is no longer eligible for federal veteran's educational benefits.

(Sections B.1.b and B.1.c shall remain effective for a period of 10 years and no longer be in effect as of June 30, 2014.)

Definitions:

A state or local public safety employee is defined as a person who is:

- 1. a career or volunteer member of a fire department, ambulance/rescue company or squad;
- 2. a law enforcement officer;
- 3. a correctional officer; or
- 4. a Maryland resident who was a member of the Maryland National Guard at the time of death.

A disabled public safety employee is defined as a state or local public safety employee who sustains an injury in the line of duty that precludes the individual from continuing to serve or be employed as a state or local public safety employee.

In the case of a volunteer member of a fire department, ambulance/rescue squad or company, the disability must preclude the member from continuing to be employed in a nonpublic safety occupation in which the member was engaged at the time of injury.

A victim of the September 11, 2001 terrorist attacks is defined as a Maryland resident who was killed as a result of the attacks on the World Trade Center in New York City, the attack on the Pentagon in Virginia, or the crash of United Airlines flight #93 in Pennsylvania on September 11, 2001.

C. AWARD AMOUNT

The annual award may not exceed the equivalent annual tuition and mandatory fees of a resident undergraduate at a four-year public institution of higher education within the University System of Maryland, other than the University of Maryland University College and the University of Maryland, Baltimore, with the highest annual expenses for a full-time resident undergraduate.

Awards to the sons, daughters or spouses of victims of the September 11, 2001 terrorist attacks may not exceed the amount specified above when combined with any other scholarships received by a student based on the student's status as a child or spouse of a victim of the September 11, 2001 terrorist attacks.

D. APPLICATION PROCEDURES

Completion of a specific program application form is required for the Edward T. Conroy Memorial Scholarship Program. The application form is available from the Office of Student Financial Assistance.

To apply, a student must provide:

1. a completed Application Form;
2. if a child is applying, a birth certificate showing the names of both parents;
3. if a spouse is applying, a marriage certificate; and
4. official verification from:

- a. the United States Veterans Administration if the applicant's parent was killed, or totally disabled as a result of military service or is a prisoner of war or missing in action;
- b. the United States Veterans Administration if the applicant is a Veteran who suffers a service-related disability of 25% or greater; and who has exhausted or is no longer eligible for federal veteran's educational benefits;
- c. the state or local public safety personnel office if the applicant's spouse was killed in the line of duty;
- d. the state or local public safety personnel office if the applicant's parent was killed in the line of duty;
- e. the state or local public safety personnel office if the applicant is a disabled public safety employee;
- f. the nonpublic safety employer and the local public safety personnel office if the disability was a result of service while the applicant was a volunteer member of a fire department, ambulance/rescue squad or company; or
- g. a copy of the death certificate that shows date, location and/or cause of death to have been as a result of the attacks on the World Trade Center, the Pentagon or the crash of United Airlines Flight #93 on September 11, 2001.

New applicants will be encouraged to apply by July 15 of each year, but applications will be accepted throughout the year. Awards will be made to students who apply after July 15 on a rolling basis as long as funds are available.

E. AWARDING PROCEDURES

Eligible applicants who receive the Edward T. Conroy Memorial Scholarship will be notified of the award in writing. In order to accept an award, a recipient must provide the Office of Student Financial Assistance with a written acceptance of the award.

The Office of Student Financial Assistance may not award more than 15 scholarships annually to Veterans who suffer from a service-related disability of 25% or greater.

F. PAYMENT

Payment is made directly to the institution the applicant is attending. At the beginning of each school term, institutions will be asked to review Billing Rosters provided by the Office of Student Financial Assistance to certify that the recipient is enrolled.

Upon receipt of the institution's certification, the Office of Student Financial Assistance will disburse the adjusted amount to be credited to the student's account.

G. RENEWAL AND CONTINUATION

An Edward T. Conroy Memorial Scholarship Program may be renewed on an annual basis for up to five years of full-time study or eight years of part-time study if the recipient:

1. is enrolled on at least a part-time basis in an eligible Maryland postsecondary institution; and
2. continues to meet all other eligibility requirements.

H. REVOCATION OF AWARD

An award will be revoked if any of the criteria stated in section F - Payment and section G - Renewal and Continuation are not met, or if the recipient makes any changes to name, address or any other information pertinent to the Edward T. Conroy Memorial Scholarship Program and fails to inform the Office of Student Financial Assistance in writing.

I. APPEAL PROCEDURES

Appeals to decisions of ineligibility or revocation of an award are made to the Director of the Office of Student Financial Assistance. All appeals must:

1. be in writing;
2. be submitted within thirty (30) days of notice of ineligibility or cancellation of award; and
3. detail reasons and/or circumstances that would justify reversal of the original decision.

The Director will review each case and issue a decision no later than forty-five (45) days after receiving the appeal. All decisions of the Director are final.

MARYLAND HIGHER EDUCATION COMMISSION
OFFICE OF STUDENT FINANCIAL ASSISTANCE

GUIDELINES
FOR THE
EDUCATIONAL EXCELLENCE AWARD PROGRAM

APPROVED: ~~April~~ February 2016, 2005

MARYLAND HIGHER EDUCATION COMMISSION

Office of Student Financial Assistance

Guidelines for the Educational Excellence Award Program

AUTHORITY

This program of student assistance was enacted into law by the 1991 Scholarship Reform Act as passed by the Maryland General Assembly (Annotated Code, Education Article, Section 18-301). This law gives the Maryland Higher Education Commission of Maryland the authority to adopt regulations to administer the program.

A. PURPOSE

The purpose of the Educational Excellence Award (EEA) program is to provide need based scholarship assistance. The state's neediest students will be guaranteed access to postsecondary education in Maryland through Guaranteed Access (GA) Grants. Low and middle-income students will be awarded financial assistance through Educational Assistance (EA) Grants. The Educational Excellence Award program will use monies from the State of Maryland General Fund, combined with federal Leveraging Educational Assistance Partnership (LEAP) dollars.

B. ELIGIBILITY

1. To be eligible for financial assistance under the Educational Excellence Award program, an applicant must meet the following general requirements:
 - a. be a Maryland resident;
 - b. file the Free Application for Federal Student Aid (FAFSA) by the March 1 deadline for priority funding under the GA Program or to be eligible for the EA Program;
 - c. be enrolled as a full-time student;
 - d. be accepted for admission in a regular undergraduate program leading to a degree or a diploma at an eligible institution;
 - e. demonstrate financial need based on the Office of Student Financial Assistance (OSFA) formula described in E.1

2. To be eligible for a Guaranteed Access Grant, applicants must meet the following additional requirements:
 - a. file a GA Grant application with the OSFA by March 1 to be eligible for priority funding;
 - b. have an annual total family income below 130% of the federal poverty level as reported on the FAFSA;
 - c. begin college within one year of completing high school;
 - d. be under the age of 22 at the time of the first award;
 - e. have successfully completed a college preparatory program in high school (College preparatory programs are defined by OSFA as those programs established by local educational agencies (LEAs) which are designed to prepare students for college level work, including programs that prepare students to achieve a two-year technical degree from a community college);
 - f. have completed high school with an unweighted cumulative grade point average (GPA) of at least 2.5 on a 4.0 scale or its equivalent;
 - g. submit a high school transcript to the OSFA after the completion of the first semester of the senior year along with the GA application by March 1 for priority consideration; and
 - h. be in senior year of high school at the time of initial application.

C. APPLICATION

Students can apply for an Educational Assistance Grant or a Guaranteed Access Grant as follows:

1. Educational Assistance Grant - students must file a FAFSA by March 1 each year.
2. Guaranteed Access Grant - students should file a FAFSA by March 1 each year for priority consideration. In addition, first time applicants should submit to the Office of Student Financial Assistance a Guaranteed Access Grant Application by March 1 for priority consideration. Applications will be accepted after the March 1 date and awards will be made with available funds.

D. AWARD AMOUNT

Under the Educational Excellence Award program, award amounts will be determined by the Office of Student Financial Assistance based on financial need.

1. The statute for the Educational Assistance Grant authorizes award amounts ranging between \$400 and \$3,000 to be awarded in \$100 increments. Based on funding available for this grant, the Commission has established a maximum award of \$2700 for fiscal year 20064. ~~Additional increases up to the statutory amount will be provided based on availability of funds.~~
2. Students qualifying for a Guaranteed Access Grant will receive an award equal to one hundred percent of the student's adjusted financial need as described in E (Award Calculation, below). Award amounts will range from \$400 up to a maximum award not to exceed the equivalent annual expenses of a full-time resident undergraduate at the four-year public institution of higher education within the University System of Maryland, other than the University of Maryland University College and the University of Maryland, Baltimore, as calculated by OSFA, in \$100 increments.

E. AWARD CALCULATION

1. Determination of Financial Need

OSFA Cost of Attendance
minus Expected Family Contribution Plus/Minus Regional Cost of Living
Adjustment
minus HOPE Scholarship or Economic Development Student Assistance Grant
minus Estimated Pell Grant
equals OSFA Adjusted Need

- Expected Family Contribution is determined using the Federal Methodology formula.
- The Regional Cost of Living Adjustment is determined annually by the Commission.

OSFA Cost of Attendance is calculated using the following classifications

- Student living with parents: Tuition and Mandatory Fees plus an allowance established by OSFA with a minimum value of \$28500
- Student living off-campus: Tuition and Mandatory Fees plus an allowance established by OSFA with a minimum value of \$45000

- Student living on-campus: Tuition and Mandatory Fees, Room and Board plus an allowance established by OSFA with a minimum value of \$900.

2. Awards made under the EEA program are calculated using data from the FAFSA.

a. Educational Assistance Grants are calculated in the following manner:

- i. Awards for students attending four-year public or independent institutions will be calculated using the formula below:

OSFA Adjusted Need X 35% = Educational Assistance Grant

- ii. Awards for students attending a community college will be calculated using the formula below:

OSFA Adjusted Need X 45% = Educational Assistance Grant

b. Guaranteed Access Grants are calculated in the following manner:

OSFA Adjusted Need X 100% = Guaranteed Access Grant

The maximum Guaranteed Access Grant is limited to the amount specified in D.2.

c. Award amounts are calculated on an annual basis and are rounded to the nearest \$100. If a student's award amount falls below \$400, they are not eligible for an award. Awards are made for the Fall and Spring semesters in the academic year with one-half of the annual amount awarded for each semester.

3. Awards are based on information provided by the student to the federal processor. Errors on the application that are corrected by students after the deadline will be accepted by OSFA. Changes in award amounts as a result of corrections will be handled as follows:

a. EA and GA Grants - If a correction results in a decrease in an award amount, the award will be adjusted and the student notified of the change. If a correction results in an increase in an award, the increase will be funded only if monies are available.

- b. GA Grants Only - If a correction in family income or size results in the student no longer being eligible for a GA Grant, the student's award will be recalculated as an EA Grant.

F. AWARDING PRIORITIES AND DISTRIBUTION OF FUNDS AND SCHEDULE OF REDUCTIONS

On an annual basis the Commission shall establish awarding priorities for making awards under the Secretary of Higher Education will determine an amount to be allocated from the Educational Excellence Awards Program. The awarding priorities will express the Commission's intent with respect to fund distribution in the program and assist OSFA staff in making final decisions in the awarding process. These priorities will be based on projections using the estimated funding level for the program and shall take into consideration funds necessary budget specifically to award Guaranteed Access Grants at 100 percent of need, -with -The remainder of the funds will being awarded as Educational Assistance Grants.

As its first priority, the Commission should always attempt to award recipients at the percent of need and maximum award established for the prior award year adjusting for tuition and fee increases. The Commission will strive to maintain the overall number of awards in the EEA program as its second priority. Additional priorities will be considered as appropriate.

Prior to making GA and EA Grants, OSFA will determine the funds required to award GA Grants at 100 percent of need. If the remaining funds are sufficient to make EA Grants at the same level as in the prior year in terms of the percent of need met and the number of recipients, the OSFA will proceed with making awards. If funds are not sufficient to fund the GA Grants at 100 percent of need and maintain the EA Grants at the same level as the prior year, the Secretary will determine a schedule of reductions for GA and EA Grants. The minimum funding for the EA Grant will not fall below the level of 30 percent of need with a maximum award of \$3,000.

If additional funds are available after GA Grants are funded at 100 percent of need and EA Grants are funded at the same level as the prior year, the additional funds will be used to increase the percent of need met and the maximum award in the EA Grant up to 40 percent and \$3,000 for students attending a four-year public or independent institution, or increase the percent of need met up to 45 percent for students attending a community college, unless otherwise determined by the Commission within the first four years of implementation.

G. SELECTION OF RECIPIENTS

Applications for the Guaranteed Access Grant, which are filed by March 1, will be funded prior to all other Educational Excellence Awards applicants. Applications filed after that date will be processed on a first-come, first-served basis.

1. First time GA applicants who submit their applications prior to March 1 and all renewal GA applicants who meet all eligibility requirements will be awarded first.

2. All other GA applicants will be awarded on a first-come first-served basis.
3. Applicants eligible for the EA Grant will be selected in the following manner:
 - a. renewal applicants for EA Grants are awarded first as long as all criteria specified in I. below are met;
 - b. then remaining funds are awarded to all other eligible applicants until all funds are depleted. Students are selected based on a statewide ranking of student's Expected Family Contribution EFC and need, with the lowest EFC'S and greatest need awarded first.

H. AWARD NOTIFICATION

Recipients are notified in writing of their award. To accept an award, initial EA Grant recipients must provide written acceptance of the award and submit any other required documentation. A GA Grant recipient's award will automatically be accepted for the student. The student should contact OSFA in writing if he/she wishes to reject the award.

I. RENEWAL AND CONTINUATION

1. An Educational Assistance Grant may be renewed if the recipient:
 - a. files a FAFSA by the March 1 deadline;
 - b. demonstrates financial need;
 - c. is enrolled in an eligible institution;
 - d. is enrolled as a full-time student (or the equivalent) for each semester;
 - e. is making satisfactory progress according to institution standards in compliance with federal Title IV program regulations; and,
 - f. is a resident of the State of Maryland.
2. A Guaranteed Access Grant may be renewed if the recipient:
 - a. files a FAFSA;
 - b. has an annual family income below 150% of the federal poverty level as reported on the FAFSA;
 - c. is enrolled in an eligible institution;

- d. is enrolled as a full-time student (or the equivalent) for each semester;
- e. is making satisfactory progress according to institution standards in compliance with federal Title IV program regulations; and,
- f. is a resident of the State of Maryland.

Recipients who no longer meet this requirement will be considered eligible for an EA Grant, as long as all other conditions described above are met.

J. CANCELLATION OF AWARD

An award will be canceled:

- 1. if the recipient of an EA Grant fails to sign and return the award letter (along with any additional documentation requested by OSFA) within the time specified in the letter;
- 2. if the recipient fails to pass verification requirements; or,
- 3. if the institution reports on the billing roster that the recipient is not:
 - a. enrolled at that institution in a regular undergraduate program;
 - b. enrolled as a full-time undergraduate;
 - c. making satisfactory academic progress;
 - d. a resident of the State of Maryland; or,
 - e. is in default for a Title IV loan or owes a refund of Title IV assistance.

K. PAYMENT

Payment is made to the institution for each semester that the recipient is attending. At the beginning of each semester, institutions will be asked to review billing rosters provided by OSFA to certify that the recipient meets the requirements specified under J.3.

Institutions are responsible for disbursing the funds to eligible students in a timely fashion.

L. VERIFICATION

- 1. In-house verification option:

- a. OSFA annually verifies application information for a percentage of all new Educational Excellence Award recipients to determine if students are submitting accurate information for determining their awards. OSFA verifies Educational Excellence Award applications of recipients identified by OSFA and institutions as having severe discrepancies in the information contained on their FAFSA or misreported dependency status or Maryland residency and OSFA may also select students randomly for verification. Selected recipients are required to provide documentation of financial data and to verify Maryland residency.
- b. Students are notified in writing of their selection for verification and are requested to provide the following documents within four weeks the time specified on the letter:
 - i. Maryland Office of Student Financial Assistance Dependent or Independent Verification Form to verify:
 - (A) child support;
 - (B) other untaxed income;
 - (C) Maryland residency for non-tax filers;
 - (D) non-filing status for non-tax filers.
 - ii. Federal and state income tax returns and W2 forms of parents, student and spouse, to verify:
 - (A) income, federal taxes paid; and
 - (B) Maryland residency.

Awards for students who fail to provide the requested information by the deadline will be canceled for the entire academic year.

Students who provide the requested documentation will be verified in accordance with the procedures established by OSFA. Awards for students with errors will be recalculated and adjusted as specified in E.3. or canceled accordingly.

L. 2. Institutional verification option:

- a. OSFA is required annually to verify application information for a percentage of all new Educational Excellence Award recipients to determine if students are submitting accurate financial data for determining their awards.

- b. OSFA will select students flagged for federal verification and submit those selected to the institution to which they are attending. The percent of flagged students selected will be as follows:
 - i. 50% of all students who have received an EA Grant.
 - ii. 100% of initial GA Grant recipients.
 - iii. 50% of renewal GA Grant recipients.
- c. Once students are selected, schools are required to verify the following using federal standards:
 - i. Taxable and non-taxable income of student and parents (if a dependent student)
 - ii. Household Size
 - iii. Number in College
 - iv. Enrollment status (undergraduate or graduate)
 - v. Housing status
 - vi. Dependency status
 - vii. Expected Family Contribution
 - viii. Transaction number of ISIR used
- d. Schools must provide updated and verified data to OSFA by the date established each year.
- e. Information verified by the institutions will be used to update OSFA records. Awards for students with corrections and errors will be recalculated and adjusted as specified in E. Award Calculation, section 3 or cancelled accordingly.

M. LATE AWARDS

OSFA will consider students for late EA Grants should funds become available after initial awards have been made.

- 1. Priority for Late Awards

Consideration for a late award will be given in the following descending order to students who:

- a. were previously awarded and have requested reinstatement of a canceled award;
- b. applied on time and filed appeals based on changes in their financial circumstances;
- c. applied on time and were eligible for an award but were not funded;
- d. were late in applying, appealed for consideration and were placed on the waiting list; and,
- e. applied after the deadline.

2. Selection of Recipients

- a. Upon determination of the availability of sufficient funds to make late awards, OSFA will fund EA grant recipients in the order described above and notify recipients and institutions.
- b. If funds become available after commencement of the Fall semester and are sufficient to award category M.1.e., OSFA will have the eligibility of the students in these two categories certified by the institution before making awards.

N. APPEALS

1. Categories of Appeals

- a. EA and GA Grant applicants and recipients can appeal their eligibility if an award for the following criteria:

- (1) **be enrolled as a full-time student (or the equivalent):** Students enrolled for less than twelve credits can still be considered eligible for the EEA program if they are participating in a specific course or activity (such as an internship or a practicum) that is required by the institution to complete their academic program. To be considered full-time, the actual time spent in the classroom, lab, supervised activity or clinic must equal 180 clock hours or more in a regular semester. Also, the student must be enrolled for a minimum

of 6 credit hours. Documentation must be provided as specified in 2. Appeal Procedures , section a., as noted below.

- (2) **fifth year award:** students may hold an award for a fifth year if, according to the institution, he or she is enrolled in an academic program that requires five years to complete or if the student provides OSFA with evidence of extenuating financial, academic, or other circumstances that prevent the student from completing their academic program in four years. Documentation must be provided as specified in 2. Appeal Procedures, section b., as noted below.
- (3) **special financial circumstances:** OSFA recognizes that the financial circumstances of students can change dramatically after their applications for need-based scholarships have been filed. In order to assist these students, OSFA will make adjustments with adequate documentation (as specified in Appeal Procedures, section c.) to the family contribution as follows:
 - (a) the student's parent(s) or spouse dies after submission of the application: the OSFA will adjust FAFSA income information to exclude the income of the parent(s) or spouse affected;
 - (b) the student or the student's parent's divorce or separate after submission of the application: the OSFA will adjust FAFSA income information to exclude the income of the parent(s) or spouse affected;
 - (c) the student, student's parent (if dependent) or student's spouse, if married and independent, becomes involuntarily unemployed for at least ten consecutive weeks in the current year: the OSFA will calculate student's family contribution and total family income using an estimated income for the current calendar year.
 - (d) the student or the student's parent(s) loses, as a result of the student reaching the age of majority, benefits from Social Security, AFDC, or child support: the OSFA will calculate the student's family contribution and total family income using an estimated income for the current calendar year.

b. GA applicants and recipients:

- (1) **have completed high school with a grade point average of at least 2.5 on a 4.0 scale or its equivalent:** Applicants who fail to meet this requirement because of extenuating circumstances can appeal only after submitting a letter of recommendation from their high school principal. They must provide satisfactory evidence to OSFA of any of the extenuating circumstances as specified in 2.b. below.
- (2) **begin college within one year of high school graduation:** Applicants who fail to meet this requirement must provide satisfactory evidence to OSFA of any of the extenuating circumstances as specified in 2.b. below.
- (3) **annual family income of GA grant recipients must remain at 150% of the federal poverty level in order to continue receiving the award:** Students who are no longer eligible for the GA program because their annual family incomes rise above the poverty level threshold must provide satisfactory evidence to OSFA of special financial circumstances as specified in N.1.a. (3) above.

2. Appeal Procedures

The recipient must complete an appeal form provided by the Office of Student Financial Assistance. In completing the appeal form, the student must document the conditions upon which the appeal is based as specified below. Upon receipt of the appeal, the documentation will be reviewed and a decision will be rendered. The student will be notified of the outcome of an appeal.

- a. **full-time equivalency:** If a student is enrolled in a specific course or activity (such as an internship or practicum) that is required by the institution to complete their academic program that results in the student being enrolled for less than 12 credit hours, the student may appeal for consideration for an award. In addition to the appeal form, the student must submit documentation, which includes a statement from the student's department chair that describes the program requirements for that semester and a catalog description of the program and classes involved. The documentation shall also list the number of clock hours required for each activity.
- b. **academic requirements:** The following circumstances are considered acceptable as grounds for an appeal:
 - (1) serious illness or injury of the student;
 - (2) serious illness of a member of the student's immediate family;
 - (3) serious personal emotional difficulties of the student;
 - (4) the death of a member of the student's immediate family; or

- (5) other serious personal circumstances.
- (6) for fifth year award appeals only, student is enrolled in an academic program that requires 5 years to complete.

The documentation shall be an appeal form accompanied by a statement from an attending physician, psychologist, mental health professional, guidance counselor, social worker, a death certificate, or if the above do not apply, a statement from the Dean of Students or other officer at the student's institution.

- c. **special financial circumstances:** Documentation must be an appeal form along with a copy of the deceased's death certificate, separation agreement or divorce decree, notice of job termination or layoff, copies of Federal tax returns and/or W-2 forms, and/or copies of termination notices or unemployment benefits from relevant agencies.

3. Adjustment of Awards

The following adjustment of awards will be made for appeals, which are granted:

- a. if an appeal is granted prior to awards being made for the upcoming year, the student's eligibility for an award will be based on the new information;
- b. if the student has not been awarded a scholarship and submits the appeal after awards have been made for the upcoming year and the appeal is granted, the student will be placed on the waiting list for an award if the change in circumstances makes that student eligible for an award; or,
- c. if the student has already been awarded a scholarship and submits an appeal and the appeal is granted, the student will be placed on a waiting list for any additional funds for which they may be eligible due to the outcome of the appeal.
- d. if the student's appeal for the 12-credit equivalency has been approved, the student enrolled in 9-11 credits will receive three-quarters of the original award and a student enrolled for 6-9 credits will receive one-half of the original award. No award will be less than the statutory minimum award.

O. CAMPUS-BASED AWARDS

The Commission shall allocate funds to institutions of higher education in the State of Maryland to make awards to students who applied after the March 1st deadline or who have other extenuating circumstances.

1. Funds will be awarded to institutions based on the proportion of full-time Pell eligible Maryland residents enrolled at each institution.
2. These funds shall be awarded by institutions to students who meet the eligibility criteria for EA Grant awards as described in B (1) (a), (c), (d) and (e) but who did not apply by the March 1 deadline or who have other extenuating circumstances. These students must be eligible for a Pell Grant.
3. Awards shall be made in the amounts and the manner described in E. above with the same minimum (\$400), maximum (established annually) and percent of need (established annually) and rounded to the nearest \$100 increment.
4. The institution may not award a campus-based Educational Assistance Grant to a recipient of a Guaranteed Access or Educational Assistance Grant offered by the Office of Student Financial Assistance. Students may hold other state scholarships or grants but must meet all conditions for all awards and may not receive an amount combined from all State programs that exceeds the maximum amount established in the OSFA General Policies.
5. Each institution of higher education in the State of Maryland that participates in the campus-based Educational Assistance Grant program must submit reports as follows:
 - a. October 15 – Initial Awards for the Academic Year
 - b. January 15 – Subsequent Awards for the Academic Year
 - c. June 15 End of Year Report

The October 15 and January 15 reports should contain the following information on students awarded:

- a. student name;
- b. social security number;
- c. institutional cost of attendance;
- d. Expected Family Contribution;
- e. amount of Pell Grant disbursed
- f. amount of campus-based EA Grant awarded;
- g. Pell I.D. and transaction number from the ISIR used for awarding.

The final End of Year Report should include a:

- a. Final cumulative list of recipients including:
 - i. name
 - ii. social security number
 - iii. award amount

- a. total number of students receiving the award
- b. total number of students eligible for award
- c. the following demographic information provided in the aggregate:
 - i. year in school in which they received the award
 - ii. income data
 - iii. age of recipient
 - iv. gender of recipient
 - v. independent or dependent status
 - vi. number of recipients registering for the following year or transferring to a four-year institution

MARYLAND HIGHER EDUCATION COMMISSION

OFFICE OF STUDENT FINANCIAL ASSISTANCE

GUIDELINES

FOR THE

DEVELOPMENTAL DISABILITIES, MENTAL HEALTH, CHILD WELFARE, AND
JUVENILE JUSTICE WORKFORCE TUITION ASSISTANCE PROGRAM

APPROVED: ~~April~~ June 2018, 20053

|

MARYLAND HIGHER EDUCATION COMMISSION

Office of Student Financial Assistance

Guidelines for the DEVELOPMENTAL DISABILITIES, MENTAL HEALTH, CHILD WELFARE, AND JUVENILE JUSTICE WORKFORCE TUITION ASSISTANCE PROGRAM

AUTHORITY

This program of tuition assistance was enacted by the 1999 Maryland General Assembly. This law, codified in the Annotated Code, Education Article, §18-2101, gives the Maryland Higher Education Commission the authority to adopt guidelines or regulations to administer this program.

A. Purpose

The purpose of this program is to establish a program of tuition assistance to certain individuals who are employees or agree to work as employees of community-based programs serving individuals with certain disabilities or those under the supervision of the Department of Social Services or the Department of Juvenile Justice.

B. Eligibility

A recipient of the Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Justice Workforce Tuition Assistance Program must:

1. be a Maryland resident;
2. be a U.S. citizen or eligible non-citizen;
3. possess a high school diploma or its equivalent;
4. intend to enroll as a full or part-time student in a degree program in human services, be accepted for admission as a full or part-time student in an eligible institution of higher education in Maryland;
5. submit an appropriately completed Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Justice Workforce Tuition Assistance Program application to the Office of Student Financial Assistance by July 1; and
6. Agree to work in a community-based program that serves individuals with developmental disabilities; mental health disorders; or children in the custody of a local Department of Social Services or Department of Juvenile Justice; or any

residential child care program licensed by the Department of Human Resources or the Department of Juvenile Justice for a total of:

- 1) 2000 hours if the award received totals \$1999 or less;
- 2) 3000 hours of service if the award amount is \$2000 - \$3999; and
- 3) 4000 hours of service if the award amount is \$4000 or more, or repay the State if the service obligation is not performed.

C. Application Process

Applicants must apply for the Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Justice Workforce Tuition Assistance Program by completing the application form provided by the Office of Student Financial Assistance, and filing by July 1. Applications are available from the Office of Student Financial Assistance and from certain eligible employers.

D. Award Amount

The Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Justice Workforce Tuition Assistance Program may be used for tuition and fees, room and board, and books and supplies. A student may receive assistance up to \$100 per credit hour. The amount of assistance may not exceed:

1. \$2,000 in any one academic year for a student enrolled in a 2-year program; \$500 per semester if enrolled part-time or \$1000 per semester if enrolled full-time.
2. \$3,000 in any one academic year for a student enrolled in a program leading to a bachelor's degree; \$750 per semester if enrolled part-time or \$1500 per semester if enrolled full-time.
3. Tuition assistance for each recipient may be used for a period of no more than 5 years and may not exceed \$6000.

E. Selection of Recipients

Applicants will be placed into one of two groups:

1. Applicants who currently work as direct service employees in community-based programs or the Department of Social Services or the Department of Juvenile Justice. Seventy percent of funds will be awarded to this group.
2. Applicants who do not currently work as direct service employees in community-based programs or the Department of Social Services or the Department of Juvenile Justice.. Thirty percent of funds will be awarded to this group.

3. ~~All S~~students ~~not currently employed in eligible humans services fields~~ will be ranked by cumulative GPA earned in any college courses or on a high school transcript if student has not earned college credits.
4. Any funds remaining in either applicant pool will be reallocated to meet the demands of the larger applicant pool after the initial awards are made.
5. An equal distribution between full and part time students will be made and an equal distribution between eligible sites as defined in section J if funds are insufficient to award all eligible applicants.

F. Award Notification

Recipients will be notified in writing of the tuition assistance award. In order to accept an award, the recipient must provide written acceptance of the award and must sign a promissory note and submit both to the Office of Student Financial Assistance by the date specified on the award notice.

G. Renewal and Continuation

Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Justice Workforce Tuition Assistance Program may be renewed on an annual basis up to a maximum amount of \$6,000 or 5 years.

Tuition assistance will not be automatically renewed if the original award was canceled due to ineligible number of credits taken per semester, or failure to maintain satisfactory academic progress. A recipient who is academically ineligible will forfeit the award for one academic semester. The award will be reinstated, if funds are available, for the following academic semester upon proof of meeting institutional standards.

A student transferring from one institution to another may continue to receive the award as long as the student meets all of the eligibility requirements.

H. Revocation of Award

The Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Justice Workforce Tuition Assistance Program will be canceled if the student:

1. ceases to be a Maryland resident;
2. fails to enroll at a Maryland higher education institution in a degree program in human services;
3. fails to enroll as a full or part-time student;
4. fails to make satisfactory progress toward a degree; or
5. fails to maintain the standards of the institution.

I. Payment

Payment is made directly to the institution. At the beginning of each semester, the institution will be asked to review a billing roster provided by the Office of Student Financial Assistance to certify that the recipient:

1. is enrolled at the institution;
2. is enrolled in human services program; and
3. meets all other eligibility requirements established by the institution.

Upon receipt of the institution's certification, the Office of Student Financial Assistance will disburse funds to be credited to the student's account.

J. Service Obligation

Recipients are required to begin employment in the state within six months after completion of undergraduate studies. The recipient is required to work in a community-based program for a maximum 4,000 hours of continuous full or part-time employment as determined by the amount of funds received in section B (g) licensed by the Developmental Disabilities Administration or approved by the Mental Hygiene Administration to provide habilitation, rehabilitation, residential, or related community support services to individuals with developmental disabilities or mental disorders; or any residential child care program licensed by the Department of Human Resources or the Department of Juvenile Justice.

Upon graduation from an eligible human services program, the recipient must complete a questionnaire issued by the Office of Student Financial Assistance providing information on employment. Employment verification is obtained from the recipient's direct supervisor.

Prior employment in a community-based program may not be applied to the employment requirement. However, once an award has been received, concurrent employment in an eligible field will count toward the total hours required to complete the service obligation.

K. Repayment

A recipient will be required to repay the State if the recipient:

1. fails to earn at least 12 credit hours in each academic year, including the summer term, in which the student receives assistance;
2. fails to make satisfactory progress toward fulfilling all degree requirements of the institution or has been revoked in accordance with Section H;
3. fails to perform the service obligation for the required amount of time; or

4. to complete the questionnaire on performance of the service obligation.

The interest rate on amounts required to be repaid shall be calculated at an interest rate equal to and matching the interest rate established by the United States Department of Education for the Federal Stafford Loan on the first day of July of each year, with interest not accruing prior to notification to the Commission of a recipient's graduation or termination from an institution of higher education. The recipient will be required to begin repayment within 6 months of the date of failure to comply with the educational or employment requirements. The recipient must repay the State in full within 6 years after the repayment period begins, and shall follow a repayment schedule established by the State Scholarship Administration The Office of Student Financial Assistance.

L. Deferment or Waiver of the Service Obligation and Repayment

The Office of Student Financial Assistance may waive or defer repayment in the event of:

1. loss of employment during the period of required employment due to involuntary termination unrelated to the performance of the employee;
2. disability or extended illness which prevents the student from fulfilling either the educational or employment requirements; or
3. the student is unable to find employment within 6 months of graduation.

M. Funding

The funding for the Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Justice Workforce Tuition Assistance Program shall be as provided in the annual budget of the Commission and all awards are contingent upon the continued availability of such funding.

MARYLAND HIGHER EDUCATION COMMISSION
OFFICE OF STUDENT FINANCIAL ASSISTANCE

GUIDELINES
FOR THE
LOAN ASSISTANCE REPAYMENT PROGRAM
FOR PRIMARY CARE PHYSICIANS

APPROVED: June 18, 2003

APPROVED: October 13, 1998

MARYLAND HIGHER EDUCATION COMMISSION
Office of Student Financial Assistance

Guidelines for the Loan Assistance Repayment Program
for Primary Care Physicians

AUTHORITY

The 1993 Maryland General Assembly revised the Loan Assistance Repayment Program (LARP) with the enactment of Annotated Code, Education Article, Section 18-1602. The General Assembly provided funding with the enactment of Annotated Code, Health Occupations Article, Section 14-207. The law gives the Maryland Higher Education Commission the authority to establish guidelines or regulations necessary for the administration of the program.

A. PURPOSE

The LARP provides education loan repayment assistance to individuals working in Maryland for the state, local government, or the nonprofit sector. Priority for awards is given to individuals working in fields in which there are critical shortages and traditionally lower salaries than are found in the private sector.

Legislation enacted in 1993 created a separate program within LARP. The new LARP, which also is distinct from the existing Maryland Loan Assistance Program--Physician Track sponsored through a match of federal and state monies, provides loan repayment assistance for primary care physicians and medical residents specializing in primary care who either pledge to or are currently providing primary care services in the state. The law funds the new program from a portion of the fees paid to the Board of Physician Quality Assurance for issuance and renewal of licenses and for other services.

B. ELIGIBILITY

To be eligible for repayment assistance, an individual must:

1. be a physician who engages in primary care at an eligible practice site, or is a medical resident specializing in primary care who agrees to practice at an eligible practice site;
2. have received a graduate, professional, or undergraduate degree from a college or university in the State of Maryland or from a medical school;
3. be a citizen or national of the United States;

4. be a resident of the State of Maryland at the time the service obligation begins;
5. have a valid unrestricted license to practice medicine in the State of Maryland at the time the service obligation begins;
6. have not breached an obligation for service to a federal, state, or local government entity;
7. have no unserved obligations for service to a federal, state, or local government, or to another entity, with the exception of the U.S. Department of Health and Human Services' Primary Care Loans, Exceptional Financial Need Scholarships, and Financial Assistance for Disadvantaged Health Professions Students;
8. have outstanding eligible higher education loans; and,
9. not be in default on any eligible higher education loan.

Primary care refers to general internal medicine, family practice, general pediatrics, obstetrics/gynecology, and gynecology.

An eligible practice site is any federal, state, local, or private profit or nonprofit patient medical care facility (including a private practice) that treats all persons regardless of ability to pay which is located in a geographic region of Maryland that has been designated by the Secretary of Health and Mental Hygiene as being medically underserved.

Loans eligible for repayment assistance are any loans for undergraduate or graduate study obtained for tuition, educational expenses, or living expenses from a college, university, government, commercial source or an organization, institution, association, society, or corporation that is exempt from taxation under 501 (c) (3) or (4) of the Internal Revenue Code of 1986. The LARP recipient must be able to provide documentation that commercial loans were used for payment of tuition, educational expenses, or living expenses.

C. DETERMINATION OF GEOGRAPHIC PHYSICIAN SHORTAGE AREAS

The Maryland Department of Health and Mental Hygiene (DHMH) is responsible for designating geographic physician shortage areas in Maryland and reporting the designations annually to the Commission. Geographic areas designated by DHMH may coincide with Maryland's federal Health Professions Shortage Areas (HPSAs). In addition, DHMH may identify other areas based on health status indicators that DHMH deems appropriate.

DHMH reports the designated geographic physician shortage areas to the Commission according to a schedule that corresponds to the LARP award cycle.

D. APPLICATION PROCEDURES

Individuals must complete an application and provide any additional information required by the Office of Student Financial Assistance (OSFA) to be considered for LARP repayment assistance. OSFA is responsible for the development and distribution of application forms and materials.

1. All applicants must provide:
 - a. a completed application;
 - b. proof of graduation from an accredited school of medicine; and,
 - c. documentation of the amounts and the holders of the applicant's outstanding eligible higher education loans.
2. Physicians who engage in primary care also must provide:
 - a. a letter of intent or an employment contract with an eligible practice site; and,
 - b. a promissory note with OSFA agreeing to practice for at least two years at the eligible practice site.
3. Medical residents specializing in primary care also must provide a promissory note with OSFA agreeing:
 - a. to practice for at least two years at an eligible practice site;
 - b. to begin fulfilling the service obligation at an eligible practice site within three months of completing residency training in primary care; and,
 - c. not to participate in a medical residency training program other than in general internal medicine, family practice, general pediatrics, medicine/pediatrics, or obstetrics/gynecology prior to fulfilling the service obligation.

E. SELECTION PROCESS

OSFA appoints and convenes a Review Panel to assist in the annual selection of LARP recipients. The Review Panel is composed of individuals who are knowledgeable in the primary care field and understand the issues relating to recruitment and retention of primary care physicians, especially in certain geographic areas of the State. The Review Panel is responsible for reviewing the eligible applicants as determined by OSFA and making recommendations to OSFA of the applicants to whom awards should be made. OSFA makes the final selection of LARP recipients.

The Review Panel may consider the following criteria in making their recommendations to the OSFA.

1. All applicants

- a. The health care needs of geographic shortage areas within the state;
- b. The professional competence and conduct of applicants;
- c. If applicants are willing to serve longer than the minimum two-year requirement; and
- d. If applicants have a personal or professional background that shows an understanding of the medical needs that exist in shortage areas or in underserved populations.

2. Physicians engaged in primary care

- a. If applicants are immediately available for service;
- b. The need of the eligible practice site where the applicant intends to practice; and,
- c. The applicant's level of indebtedness and level of income.

3. Medical residents specializing in primary care

- a. If applicants have completed at least one year of residency training and plan to continue that training in primary care;
- b. If applicants are in the final two years of residency, with at least one year of the residency remaining;
- c. If the applicant has completed a rotation in a rural or underserved area during the course of the residency; and,
- d. The applicant's level of indebtedness.

Primary care physicians who are already practicing at eligible practice sites may be considered for LARP funds. However, OSFA does not award LARP funds based on prior service at the practice site.

OSFA may direct the Review Panel to use other criteria as appropriate to accommodate the goals of the LARP program.

F. LARP AWARDS

1. Number of Awards

The number of LARP awards made each year is based on the amount of funds available. Up to one-half of the total awards each year, but not less than one award, is reserved for medical residents. If no medical residents apply, all available funds may be awarded to physicians engaging in primary care.

2. Award Amount

The award amount for LARP awards is determined as follows:

a. Physicians engaged in primary care

- (1) Up to \$25,000 per year for a two-year commitment;
- (2) Up to \$28,350 per year for a three-year commitment;
- (3) Up to \$30,000 per year for a four-year commitment; plus
- (4) If applicable, Aa supplement equal to 39 percent of the LARP recipient's annual repayment amount to help defray the LARP recipient's associated tax liability.

If DHMH determines that one of the primary care disciplines is in particularly short supply based on the needs of the state's geographic physician shortage areas, the Commission may offer awards to LARP recipients in the discipline up to \$30,000 per year for commitments as short as two years.

A LARP recipient may not receive total LARP funds of more than \$120,000 plus 39 percent. In addition, the LARP award may not exceed the LARP recipient's total indebtedness from eligible higher education loans.

b. Medical residents specializing in primary care

- (1) The installments payable during the residency period covered by the contract between the LARP recipient and the Commission on the LARP recipient's eligible higher education loans; plus
- (2) If applicable, Aa 39 percent supplement to help defray the LARP recipient's associated tax liability.

The total LARP award during residency may not exceed \$25,000 plus a 39 percent supplement.

Upon completion of the primary care medical residency (which does not count toward the service obligation) and upon commencement of service, the LARP recipient is eligible for the same level of annual awards described for

physicians engaged in primary care, not to exceed a total of \$120,000 plus 39 percent, including amounts received during residency.

3. Method and Timing of Payments

The Commission issues checks to a LARP recipient who is a physician engaged in primary care within 60 days of the date that he or she begins each service year. A "service year" is the 365-day period commencing on the date of the first day the LARP recipient begins to fulfill the service obligation at an eligible practice site. Unless the LARP recipient does not fulfill the service obligation as scheduled, subsequent service years for that LARP recipient begin and end on the same dates as the first service year. The amount of the check (or checks) is equal to the loan repayment amount specified for the service year in the contract between the LARP recipient and the OSFA.

The Commission issues checks to a LARP recipient who is a medical resident specializing in primary care within 60 days of the date of the execution of the contract. The amount of the check (or checks) is equal to the loan repayment amount specified in the contract between the LARP recipient and the Commission for the 12-month period beginning on the date the contract is executed. If the LARP recipient's primary care residency training program exceeds the 12-month period, the Commission issues checks for subsequent years of residency training within 60 days of the anniversary date of the execution of the contract. If the remaining time in the residency program plus three months (to cover the maximum period between completion of residency training and commencement of the service obligation) is less than 12 months, the Commission issues checks in amounts applicable to the shorter period.

Once the medical resident begins fulfilling the service obligation at an eligible practice site, the method and timing of payments correspond to the procedures for physicians engaged in primary care.

The loan repayment checks are made copayable to the LARP recipient and the holder(s) of the LARP recipient's eligible higher education loans. The responsibility rests with the LARP recipient to endorse and forward the check(s) to the holder(s). The LARP recipient is also responsible for notifying the Commission if the holder of a loan has changed.

The Commission issues separate checks to LARP recipients to help defray the tax liability associated with LARP awards. These checks are made payable solely to the LARP recipients.

All LARP payments—including amounts intended to help defray tax liability—represent taxable income to the LARP recipient. The LARP recipient is responsible for disclosing and paying taxes on all LARP payments to the Internal Revenue Service.

4. **Renewal of Awards**

LARP recipients may renew their LARP awards if they continue to meet the eligibility criteria, still have outstanding eligible higher education loans, have not reached the repayment maximum amount of \$120,000 ~~plus 39 percent~~, and the Commission has sufficient funding. If applicable, the recipient will continue to receive a 39 percent supplement to help defray the associated tax liability when the award is renewed.

G. LARP RECIPIENT OBLIGATIONS

The recipient of a LARP award is obligated to furnish OSFA with written acceptance of the award and sign a promissory note with OSFA stipulating the terms of the LARP agreement. The promissory note must include:

1. the obligations of a LARP recipient;
2. the number of years to which the LARP recipient commits;
3. the total and annual amounts of the LARP award;
4. penalties for breach of contract;
5. circumstances under which the obligation may be deferred, cancelled, suspended, or waived; and,
6. any other terms the Commission deems necessary.

In addition, the recipient of a LARP award must fulfill the criteria as specified below.

1. Physicians Engaged in Primary Care

LARP recipients who are engaged in primary care must serve for a minimum of two years in a full-time practice at an eligible practice site. Practice performed while in school or in medical residency training does not fulfill any portion of the LARP recipient's service obligation.

A full-time practice refers to a minimum of 40 hours per week. With the exception of obstetricians/gynecologists (OB/GYN), LARP recipients must provide at least 32 hours of the 40 hours per week during normally scheduled office hours in the ambulatory setting at an eligible practice site. An OB/GYN practitioner must provide at least 21 hours of the 40 hours per week during normally scheduled office hours in the ambulatory setting at an eligible practice site. The 40 hours per week may be compressed into no less than four days per

week with no more than 12 hours to be performed in any 24-hour period. Time spent "on-call" cannot be attributed to the 40-hour week.

No more than seven weeks (35 work days) can be spent away from the practice for holidays, vacation, continuing professional education, illness, or any other reason. Absences greater than seven weeks in any given 52-week period will extend the service obligation end date.

While in practice at an eligible practice site, the physician also must:

- a. charge at the usual and customary rate for the area and apply a reduced fee for persons who demonstrate inability to pay;
- b. treat patients regardless of ability to pay and accept patients on Medicare and Medicaid;
- c. accept Medicare assignment and assignment from Maryland Medical Assistance through the Maryland Access to Care Program;
- d. maintain a valid license to practice medicine in the State of Maryland throughout the service obligation;
- e. notify the Commission if the employment arrangement at the eligible practice site is terminated or changed; and,
- f. notify the Commission if the repayment of a loan is undertaken by an entity defined in Section 18-1601(c)(2) of the statute.

2. Medical Residents Specializing in Primary Care

LARP recipients who are medical residents specializing in primary care must:

- a. complete their residency training in primary care without interruption;
- b. may not participate in a residency training program other than in general internal medicine, family practice, general pediatrics, gynecology, or obstetrics/ gynecology;
- c. begin the service obligation at an eligible practice site no later than three months after completion of medical residency training in primary care; and
- d. upon commencement of the service obligation, fulfill the same obligations as those stipulated for physicians engaged in primary care.

OSFA requires annual verification that the LARP recipient is fulfilling his or her obligation under the contract. Verification is necessary for both physicians engaged in primary care and for medical residents specializing in primary care, as follows:

1. Physicians Engaged in Primary Care

Prior to issuing the LARP recipient's check(s) for the first year of service, OSFA must receive notice from the eligible practice site that confirms that the LARP recipient is providing appropriate service at that site. Prior to issuing checks for subsequent years of service, OSFA must receive confirmation from the eligible practice site that the LARP recipient, in accordance with the contract provided services in the previous year and continues to practice at the eligible practice site.

2. Medical Residents Specializing in Primary Care

Prior to issuing the LARP recipient's check(s) for any 12-month period or portion of a 12-month period during residency, OSFA must receive notice from the residency training program confirming that the LARP recipient is specializing in general internal medicine, family medicine, general pediatrics, gynecology, or obstetrics/gynecology as stipulated in the contract. When the LARP recipient completes residency training and begins fulfilling the service obligation, OSFA follows the same verification procedures used for physicians engaged in primary care.

I. BREACH OF CONTRACT

The following situations constitute a breach of the LARP contract between the LARP recipient and the Commission:

1. In the case of a physician engaging in primary care, the LARP recipient does not begin the service obligation at an eligible practice site within three months of the close of the fiscal year in which the contract is executed.
2. In the case of a medical resident who has completed primary care training, the LARP recipient does not begin the service obligation at an eligible practice site within three months of completion of training.
3. The LARP recipient separates from the eligible practice site prior to fulfilling the service obligation.

A LARP recipient who breaches the contract with the Commission is subject to the following financial penalties. These penalties are equal to the sum of:

1. the full amount of the LARP funds paid to the LARP recipient;

2. two times the value of the amount of obligated service time, not served; and,
3. any damages to which the state is entitled to recover, such as interest, costs, and expenses of collection (including attorneys' fees).

Amounts not paid within one year of the breach of contract may be subject to garnishment of wages, deductions in Medicaid payments, or other collection methods. The Office of Student Financial Assistance will report recipients who fail to pay their financial penalties within one year to the Board of Physician Quality Assurance. Recipients may be subject to disciplinary action by the Board. In addition, a LARP recipient's financial obligation for payment of damages may not be released by discharge of bankruptcy under Title 11 of the United State Code.

J. DEFERMENTS AND CANCELLATION, SUSPENSION AND WAIVER OF OBLIGATION

OSFA may consider deferments and cancellation, suspension and waiver of the obligation for the circumstances provided below.

1. Deferments
 - a. Military service for a period not to exceed three years;
 - b. Extended illness verified by a physician;
 - c. Extenuating family circumstances to be decided on a case-by-case basis;
and
 - d. Maternity/paternity leave not to exceed six months.
2. Cancellation, suspension, or waiver
 - a. Any service or payment obligation incurred by the LARP recipient under contract with OSFA is cancelled upon the LARP recipient's death.
 - b. OSFA may waive or suspend the LARP recipient's service or payment obligation if, in the opinion of OSFA, compliance by the LARP recipients with the terms and conditions of the contract is impossible or would involve extreme hardship.
 - c. If, after serving at an eligible practice site for one year, the applicant and practice site determine that a separation is in order, OSFA may consider reassignment of the LARP recipient to another eligible practice site.

- d. If the eligible practice site at which the LARP recipient is providing medical services experiences a loss of funds or other circumstance that can no longer support employment of the LARP recipient, OSFA reassigns the LARP recipient to another eligible practice site.

K. ANNUAL REPORTS

OSFA is required to submit an annual statement by December 31 of each year to the Legislative Policy Committee of the Maryland General Assembly on the utilization of money transferred from the Physician Quality Assurance Program to the Loan Assistance Repayment Program. By December 31, 1998, OSFA must submit a full report to the Legislative Policy Committee on the effect the LARP program has had on the recruitment and retention of individuals to work in Maryland as primary care physicians.

L. FUNDING

Unspent program funds may not be transferred to or revert to Maryland's General Fund. Instead, these funds remain available for LARP awards.

M. RESPONSIBILITIES OF THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE (DHMH)

DHMH is responsible for:

1. designating geographic physician shortage areas;
2. reporting geographic physician shortage area designations according to the schedule established by the Commission;
3. appointing an individual to serve on the Review Panel;
4. nominating individuals to the Commission to serve on the Review Panel;
5. certifying eligible practice sites;
6. verifying matches of eligible applicants with eligible practice sites;
7. communicating approved matches to the Commission; and,
8. promoting the LARP program in conjunction with the Commission.

MARYLAND HIGHER EDUCATION COMMISSION

OFFICE OF STUDENT FINANCIAL ASSISTANCE

GUIDELINES

FOR THE

JANET L. HOFFMAN LOAN ASSISTANCE REPAYMENT PROGRAM

APPROVED: April~~December~~ 8~~20~~, 2004~~5~~

MARYLAND HIGHER EDUCATION COMMISSION

Office of Student Financial Assistance

Guidelines for the Janet L. Hoffman Loan Assistance Repayment Program

AUTHORITY

The Janet L. Hoffman Loan Assistance Repayment Program was enacted into law by the Maryland General Assembly in 1988 and amended in 1994. Under law (Annotated Code of Maryland – Education Article – 18-1501 through 18-1505), the Office of Student Financial Assistance has the authority to establish regulations for the administration of the Program.

A. PURPOSE

The Janet L. Hoffman Loan Assistance Repayment Program is designed to attract qualified individuals to fields of employment in government and the non-profit sector, particularly those in which there are critical manpower shortages in the State and lower salaries than in the private sector. The program is established to help participants reduce the amount of indebtedness created by the cost of higher education through assisting in the repayment of educational loans.

B. ELIGIBILITY

To be eligible for repayment assistance, an individual must have received an undergraduate, graduate or professional degree from a college or university located in Maryland or a school of law. Applicants must be a Maryland resident and have obtained full-time employment with an eligible employer in the State. Eligible employers are defined as the State, local governments, and organizations, institutions, associations, societies, and corporations that are tax exempt under 501(C)3 or (4) of the Internal Revenue Code of 1986, i.e., non-profits. Eligible employment does not include being employed as a judicial clerk in any court.

To be eligible for repayment assistance, an individual must not be in default on any higher education loan. Loans eligible for repayment assistance are any loans for undergraduate or graduate study obtained for tuition, educational expenses, or living expenses from a college, university government or commercial source.

With the exception of individuals employed as nurse faculty, an individual's annual gross salary from eligible employment may not exceed \$~~65~~50,000. If the applicant is married, combined adjusted gross income may not exceed \$~~134~~0,000. Eligible income levels will be adjusted annually as necessary.

If employed as a nurse faculty member, the individual's annual gross salary from eligible employment may not exceed \$75,000. If the applicant is married, combined adjusted gross income may not exceed \$160,000.

C. APPLICATION PROCEDURES

1. Regular Application Procedures

Completion of a program application form is necessary for consideration for participation. Applications are available from the Office of Student Financial Assistance or from college and university financial aid offices. An applicant must provide:

- a. A completed application;
- b. Copies of the applicant's most recent Maryland tax return, if filed. Federal returns may be required for applicants who have not filed a Maryland tax form at the time of application;
- c. Proof of graduation from a college or university in Maryland; or a school of law;
- d. A statement from an eligible employer confirming the nature of the job, length of employment, full-time status and annual salary; and
- e. Current repayment data on all educational loans.

Applications must be received between June 1 and September 30 of each year. Award decisions will be announced in October of each year. Late applications will be accepted and considered if funds are available.

Recipients are given priority for renewal of an award for a second year as long as the recipient continues to meet the eligibility requirements. Recipients may reapply for assistance after the second year but are not given renewal priority. Nurses, nurse faculty, and teachers will receive priority regardless of the number of years in the program.

2. Pre-graduation Application Procedures for Law Students

Law students attending the University of Maryland Baltimore and University of Baltimore Schools of Law that are in their third and final year of school may apply for the Loan Assistance Repayment Program and be pre-approved for a LARP award if they meet all eligibility requirements.

- a. A pre-graduation application must be submitted and may be obtained from the Office of Student Financial Assistance or the Financial Aid

Office at the University of Maryland Baltimore-School of Law or the University of Baltimore-School of Law.

- b. The pre-graduation application will be available in September and may be submitted any time during the last year before graduation up to May 1st.
- c. Verification of an employment offer must be forwarded to the Office of Student Financial Assistance as soon as received by the student.
- d. A general application, available in June, must also be completed and submitted with all supporting documents by September 30.

D. SELECTION OF RECIPIENTS

1. Regular Application Process

All applicants who apply by the September 30 deadline and meet the eligibility requirements as established in Section B. will be considered for awards. Priority for participation in the program will be given to an individual who:

- a. graduated from an institution of higher education in the last three years;
- b. is a resident of Maryland;
- c. is employed on a full-time basis; and
- d. provides, as the principal part of the individual's employment, legal services, nursing services, or other services in an eligible field of employment in which there is a shortage of qualified practitioners to low income or underserved residents or areas of the State

Priority fields of employment established by law are legal services and nursing services. Additionally, applicants who are employed as nurse faculty members or who teach in schools designated as federal Title 1, schools Identified for Improvement by MSDE, or in designated critical shortage subject fields will be given priority. The Office of Student Financial Assistance shall review and establish additional priority fields of employment on an annual basis.

2. Pre-Graduation Law Students

Five students will be selected for an award on the basis of a pre-employment offer from an eligible employer in Maryland. The first five eligible students to send the Office of Student Financial Assistance verification of their employment offer will be pre-approved for the award. All pre-award applicants will be notified of their pre-award status via e-mail within five (5) working days after the receipt of their employment offer.

All other applicants will be considered in the general applicant pool. Award amounts vary and may not exceed \$7,500 per year. Recipients are given priority for renewal of an award for the following year provided they re-submit an application by the September 30 deadline and continue to meet all eligibility requirements. Deadlines for the Pre-Graduation option are:

May 1 – Pre-Graduation Application
ASAP – Employment Offer
September 30 – Loan Assistance Repayment Application with all required documentation

E. AWARDING PROCEDURES

Eligible applicants employed in priority fields will be grouped according to the field; the number of awards will be evenly distributed among priority fields, excluding nursing, nursing faculty and teaching. Within priority fields, individuals will be ranked according to the highest annual loan debt-to-income ratio. Under circumstances in which individuals have identical debt-to-income ratios, lowest income will be used as the determining factor. Nursing, nursing faculty, and teaching applicants will be ranked separately using the same formula and by annual loan debt. Individuals not qualifying for an award based on the debt-to-income ratio formula will be awarded based on annual loan debt.

If available, remaining funds will be distributed to other eligible applicants in a similar manner.

Eligible individuals who apply after the September 30 deadline will be considered for awards if funds are available.

F. AWARD CALCULATION

Awards will be calculated on an annual basis. The annual award amount is calculated using the following formula:

Annual Award Amount = Total Annual Loan payments – Applicant's Contribution
Applicant's Contribution = Adjusted Salary x Fixed Percent Contribution
Adjusted Salary = Applicant's Salary – Dependent Allowance

The Dependent Allowance is \$3,600 per dependent child under the age of 18.

Applicant's Contribution is calculated using the formula listed below:

<u>Applicant's Adjusted Salary</u>	<u>Fixed Percent of Salary</u>
Below - \$20,000	0% of Salary
\$20,001 - \$25,000	2% of Salary
\$25,001 - \$30,000	3% of Salary
\$30,001 - \$35,000	4% of Salary
\$35,001 - \$40,000	5% of Salary
\$40,001 - \$45,000	6% of Salary
\$45,001 - \$50,000	7% of Salary

Due to the critical shortage of nurses, nurse faculty, and teachers, an award of at least \$2,000 will be given to each applicant demonstrating annual loan debt of \$2,000 or more. If the annual award for these applicants is greater than \$2,000 when calculating the award using the above awarding formula, the recipient will receive the greater amount. If the applicants annual loan debt is less than \$2,000, the award will be equal to the amount of annual loan debt.

Applicants renewing a Loan Assistance Repayment Program award are given first priority. Remaining funds are then allocated to new applicants.

Awards may not exceed \$7,500 per year.

G. OBLIGATION OF AWARD RECIPIENTS

Recipients are responsible for:

1. Verifying eligible employment and salary level initially and after six months of each year in the program;
2. Maintaining a current status on all educational debt;
3. Submitting a copy of their Maryland tax returns for any year during which an award is received; and
4. Notifying the Office of Student Financial Assistance and the lending institutions of any changes in employment status and/or salary level that would change their award amount or make them ineligible for an award.

H. PAYMENT

The Commission issues checks co-payable to a Loan Assistance Repayment Program recipient and to the holder(s) of the Loan Assistance Repayment Program recipient's eligible higher education loans. The responsibility rests with the LARP recipient to endorse and forward the check(s) to the holder(s).

The award is paid in two installments. After receiving verification of eligible employment, payments are made in December and in March.

I. ANNUAL REPORT

The Office of Student Financial Assistance is required to submit an annual statement by January 1 of each year to the General Assembly on the implementation of the Loan Assistance Repayment Program.

MARYLAND HIGHER EDUCATION COMMISSION
OFFICE OF STUDENT FINANCIAL ASSISTANCE

GUIDELINES
FOR THE
SENATORIAL SCHOLARSHIP PROGRAM

APPROVED: April~~June~~ 2016, 20045

MARYLAND HIGHER EDUCATION COMMISSION
Office of Student Financial Assistance

Guidelines for the Senatorial Scholarship Program

AUTHORITY

The Senatorial Scholarship Program (Annotated Code of Maryland - Education Article Section 18-401) was enacted into law by the Maryland General Assembly in 1957 and was last amended in 1988. Under law (Annotated Code of Maryland - Education Article Section 18-204), the Maryland Higher Education Commission, in consultation with members of the Maryland Senate, has the authority to establish regulations for the administration of this program.

A. PURPOSE

The Senatorial Scholarship Program is designed so that Senators in the Maryland General Assembly can provide financial assistance to full- and part-time students pursuing an undergraduate, graduate or professional education.

B. ELIGIBILITY

To be eligible for a Senatorial Scholarship, the recipient must be a Maryland resident in the Senator's legislative district at the time the application is made. The recipient must be accepted for admission in the regular undergraduate, graduate, or professional program at an eligible institution or be enrolled in a two-year terminal certificate program in which the coursework is acceptable for transfer credit for an accredited baccalaureate program in an eligible institution. The recipient must also attend a Maryland college or university or an eligible out-of-state school for the number of credit hours for which the award was made. Full-time is defined as 12 credit hours per semester for undergraduates and 9 credit hours per semester for graduate students. Part-time is defined as 6 to 11 credits per semester for undergraduates and 6 to 8 hours for graduate students.

A student may also attend a private career school. Private career schools must:

1. have the Commission's approval to operate;
2. have the Commission's approval of the curriculum; and
3. be accredited by a national accrediting association approved by the United States Department of Education. Recipients may also attend a hospital nursing diploma school if the curriculum is approved by the Commission.

Applicants may also be eligible for assistance if they are going to school out-of-state and they are:

1. hearing impaired and attending an out-of-state institution that makes special provisions for hearing impaired students and comparable special provisions are not available to that student at a Maryland institution; and/or
2. enrolling in a program which is not offered in Maryland. This is referred to as applying for unique major status.
 - a. Applicants who will be/are attending an out-of-state school and believe that their program of study is not offered in Maryland must submit a request, in writing, to the Director of the Office of Student Financial Assistance that their major be identified as one not offered in the State for the purposes of applying for the Senatorial Scholarship program.
 - b. The letter should include the student's name, social security number, State legislative district and a copy of the relevant sections of the out-of-state institution's catalog. Once the letter is received, the Director will forward the request to the Division of Academic Affairs and a determination will be made. The Director will then notify the student of a decision within 45 days of receipt of the request.

C. AWARD AMOUNT

Each Senator may award the amount of the scholarship in dollar amounts between \$400 and \$2000 annually. The dollar amounts must be in \$100 increments. The maximum amount a recipient can receive for undergraduate, graduate, or professional study is \$8000 over a four-year period. A recipient of this assistance is eligible for any other scholarships offered by the Office of Student Financial Assistance.

D. APPLICATION PROCEDURES

Completion of the Free Application for Federal Student Aid (FAFSA) is required for the Senatorial Scholarship Program. Students are encouraged to apply by the March 1 deadline so that they may be considered for all State scholarships. However, all applications received by the federal processor by May 15 of each year may be considered for Senatorial scholarships. FAFSAs are available from financial aid offices at Maryland postsecondary institutions, high school guidance offices, public libraries or by contacting the Office of Student Financial Assistance.

Students are also required to take the Scholastic Aptitude Test (SAT) or American College Testing (ACT) test. The following categories of students are exempt from the testing requirement:

1. students who have graduated from high school at least five years prior to filing the FAFSA;
2. students attending an eligible institution who have completed one year of postsecondary education in good academic standing;
3. students accepted for admission at an eligible private career school; and
4. students planning to attend or attending a Maryland community college.

In addition to these requirements, each Senator may request additional information from each student in order to further assess a student's application. Students are encouraged to contact their Senator to determine if additional information is necessary.

E. SELECTION PROCEDURES

Each Senator is responsible for establishing a selection process for their scholarship applicants and to award his/her scholarships. According to the law governing this program, each Senator must consider the financial need of each applicant. The Senator is the final judge of each applicant's financial need.

The Office of Student Financial Assistance provides to each Senator an application information sheet for each applicant[, student labels, and an applicant roster. These materials may be used by the Senator in determining who may be offered assistance.

1. Application

When the student completes and submits the Free Application for Federal Student Aid (FAFSA) to the U. S. Department of Education, the Central Processor enters all the student's information into its system and evaluates the student's eligibility for federal student aid programs. The Office of Student Financial Assistance receives this information for all Maryland residents.

Once the Office of Student Financial Assistance receives the information from the Central Processor, information for each applicant is produced and sent to the student's Senator. Student information is generally produced on a monthly basis.

2. Applicant Roster

Periodically during the application process and later during the academic year, each Senator will receive a document listing all the students in the Senator's legislative district that have filed a FAFSA. This document is called an Applicant Roster.

The Applicant Roster contains the following information:

- a. Student name, address, telephone number, sex, and marital status;
- ~~b. Student social security number;~~
- ~~eb.~~ Student's family contribution towards college;
- ~~dc.~~ Student's expected remaining financial need;
- ~~ed.~~ College code and the cost for attending that institution;
- ~~fe.~~ Year in college and whether the student is planning to live with parents, on or off campus; and,
- ~~gf.~~ Any tentative awards for the current academic year.

The first applicant roster will be sent to each Senator at the end of April. This roster will list all students who have filed a FAFSA by the March 1 deadline. In June, each Senator will receive the second applicant roster. This roster will include students who applied after March 1 and by May 15 .

If a Senator serves from a legislative district comprised of more than one county, the number of scholarship units shall be divided as equally as possible among qualified applicants from each county in the legislative district.

F. AWARDING PROCEDURES

Once a Senator has selected award recipients, the Senator shall notify the Office of Student Financial Assistance. The written notification must include student name, social security number, award amount, and name of school. Senators may make awards that are automatically renewed or on a one-time only basis. Awards that are one-time may only be awarded if sufficient funds are not available to sustain the award on a renewable basis. The Senator should note if the award is renewable or is a limited one-time only award. Once this information is received, the Office of Student Financial Assistance officially notifies students of the award offer. Students offered a one-time only award must accept the award with the acknowledgement that they are waiving any right to have the award renewed as specified in Education Article 18-406. Students are then required to sign and return the award letter to the Administration within three weeks or the award offer will be cancelled. Awards cancelled due to lack of response will be reinstated at the request of the student, if funds are still available.

G. PAYMENT

Payment is made directly to the institution the applicant is attending. At the beginning of each school term, institutions will be asked to review Billing Rosters provided by the Office

of Student Financial Assistance to certify that the recipient is a Maryland resident and enrolled for the number of credits for which the award was given.

Upon receipt of the institution's certification, the Office of Student Financial Assistance will disburse the funds to the institution.

H. RENEWAL AND CONTINUATION

A Senatorial Scholarship award designated as renewable as noted in Section F. Awarding Procedures is automatically renewed on an annual basis for up to four years of full-time study or eight years of part-time study if the recipient:

1. remains enrolled on at least a part-time basis in an eligible Maryland or eligible out-of-state postsecondary institution; and,
2. continues to meet all other eligibility requirements.

If a student has been offered a one-time only award as noted in Section F. Awarding Procedures, an award will not be automatically given for subsequent years. Students may reapply to their Senator for additional funding. Funding is not guaranteed.

A student may only receive an award for up to four years of full-time study or eight years of part-time study if the recipient meets the same criteria established above. This duration applies to students receiving one-time only awards and those that may receive one-time only and renewable senatorial awards.

If the recipient is attending an eligible private career school, the award may be held until the completion of the program as long as the student maintains the above conditions, and completes the program within the length of time specified by the institution.

Students enrolled in a terminal certificate program may hold the scholarship for two years if the student remains enrolled full-time and otherwise meets the conditions of the scholarship.

Once a student is selected as a recipient, no further application is necessary. However, if there are changes to the student's name, address, state of residence, institution of attendance, or enrollment status, it is the student's responsibility to inform the Office of Student Financial Assistance in writing of these changes.

Students who receive these awards as undergraduates who then become graduate students must reapply to the Senator in order to receive an award for graduate studies.

I. REVOCATION OF AWARD

An award will be revoked if any of the criteria stated in G. Payment and H. Renewal are not met, if the recipient makes any changes to name, address or any other information pertinent

to the Senatorial Scholarship Program and fails to inform the Office of Student Financial Assistance in writing or if funds are no longer available.

J. APPEALS PROCEDURES

Appeals to decisions of ineligibility or revocation of an award are made to the Director of the Office of Student Financial Assistance. All appeals must:

1. be in writing;
2. be submitted within thirty (30) days of notice of ineligibility or cancellation of award; and,
3. detail reasons and/or circumstances that would justify reversal of the original decision.

The Director or designee will review each case in consultation with the Senator and issue a decision no later than sixty (60) days after receiving the appeal. All decisions of the Director or designee are final.

K. BUDGET FOR THE SENATORIAL SCHOLARSHIP PROGRAM

Each Senator will have an annual budget to fund renewals and new awards. Senators are required to award all funds by September 1 of each fiscal year. Senators may reaward scholarships awarded by September 1 which are later cancelled. If at the end of a fiscal year, a Senator has scholarship funds remaining from cancellations, those funds will be carried forward into the next fiscal year for the Senator to award.

If a Senator does not award all of their funds by September 1, the law requires the Office of Student Financial Assistance to award all remaining funds to students in the Senator's legislative district.

Budgets for the remainder of the Senator's term are as follows:

Fiscal Year 1994	\$133,000 plus carry forward
Fiscal Year 1995 and thereafter	\$138,000 plus carry forward

L. NOTIFICATION OF SENATORIAL FUNDS BALANCE

Periodically during the academic year, each Senator will be notified of their scholarship funds balance. A schedule for notification of funds balances is established annually.

M. ANNUAL REPORTING OF SENATORIAL SCHOLARSHIP RECIPIENTS

Pursuant to the requirements of Section 18-407 of the Annotated Code of Maryland, Education Article, the Office of Student Financial Assistance must announce publicly the names of all recipients of a Senatorial Scholarship.

MARYLAND HIGHER EDUCATION COMMISSION

OFFICE OF STUDENT FINANCIAL ASSISTANCE

GUIDELINES

FOR THE

JACK F. TOLBERT MEMORIAL STUDENT GRANT PROGRAM

APPROVED: April~~June~~ 2018, 20035

MARYLAND HIGHER EDUCATION COMMISSION
Office of Student Financial Assistance

Guidelines for the
Jack F. Tolbert Memorial Student Grant Program

AUTHORITY

The Jack F. Tolbert Memorial Student Grant Program (the Tolbert Grant Program) was enacted into law by the Maryland General Assembly in 1979 and was amended in 1982 and 1995. Under law (Annotated Code of Maryland - Education Article § 18-1201 through §18-207), the Maryland Higher Education Commission (the Commission) has the authority to administer the program.

A. Purpose

The Tolbert Grant Program provides financial assistance to full-time students attending an approved private career school (the school) in Maryland. A private career school is defined in Education Article 10 §11-202 of the Annotated Code of Maryland as *“a privately owned and operated institution of postsecondary education, other than an institution of higher education, that furnishes or offers to furnish programs, whether requiring a payment of tuition or a fee, for the purpose of training, retraining or upgrading individuals for gainful employment as skilled or semiskilled workers or technicians in recognized occupations or in new and emerging occupations”*. The program honors the memory of Jack F. Tolbert, a leader in the private career school industry in Maryland.

B. Institutional Eligibility

For a private career school to be eligible to participate in the Tolbert Grant Program, the school must:

1. be approved by the Commission for a minimum of two years to operate a private career school in Maryland;
2. not have any outstanding Notice of Deficiencies issued to the school by the Secretary; and
3. have signed a participation agreement provided by the Commission.

C. Student Eligibility

For a student to be eligible for the Tolbert Grant Program, the student must:

1. be enrolled in an eligible private career school as defined in section B of these guidelines;
2. be enrolled full-time (a minimum of 18 clock hours of instruction per week) in an approved program which is at least 100 clock hours in length;
3. be a permanent resident of the state of Maryland according to the Guidelines for Student Financial Assistance Programs established by the Commission;
4. be a citizen or eligible noncitizen as defined in the Free Application for Federal Student Aid (FAFSA);
5. pledge to remain drug free during the term of the award; and,
6. demonstrate financial need and meet any other financial requirements of this program.

D. Award Amount

The award amount shall be \$2300 per student per fiscal year. The scholarship shall be used for tuition only. A recipient of this grant program also may be eligible to receive the Senatorial and/or Delegate Scholarships offered by the Office of Student Financial Assistance.

E. Application for School to Participate

A school shall apply for participation in the grant program by signing a participation agreement provided by the Commission.

F. Institutional Allocation and Notification

At the beginning of each fiscal year, each eligible school shall be notified of the number of grant awards that may be awarded to students attending the school during the fiscal year. The grant awards shall be allocated as follows:

1. Each eligible school shall be allocated a minimum of three grant awards for the fiscal year.
2. The remaining number of grant awards shall be proportionately allocated based on enrollments. To determine the number of additional awards to be allocated each eligible school, each eligible school's total enrollment for all eligible programs shall be divided by the total enrollment for all eligible programs offered by all eligible schools. This resulting percent shall be multiplied by the total awards not allocated, and the result shall be the additional allocation per school. The calculation of these awards shall be based on the enrollments reported in the most recent Annual Reports submitted to the Commission by eligible schools for their eligible programs.

G. Application for Student to Participate

A student shall apply by submitting the following documents to the private career school the student attends:

1. an application on a form provided by the Commission; and
2. a Student Aid Report (SAR) from a processed Free Application for Federal Student Aid (FAFSA).

H. Qualification and Selection of Recipients

The participating school shall accept a student's application and Student Aid Report (SAR) from a processed Free Application for Federal Student Aid (FAFSA). The school shall rank all applicants according to the amount they are able to contribute to school expenses, i.e. Expected Family Contribution (EFC). The SAR establishes the EFC, which is stated in terms of a dollar amount. The applicants are ranked according to that number. Each eligible student shall be ranked by the school from lowest to the highest based on each student's reported Expected Family Contribution (EFC). The student with the lowest Expected Family Contribution (i.e. \$0) shall be selected first with the student with the second lowest Expected Family Contribution being selected next and so on until all awards have been made. To be eligible for the grant program, a student shall demonstrate financial need. In addition, the Expected Family Contribution (EFC) shall be at least \$2300 less than the cost of tuition.

During the fiscal year, the school shall select candidates for awards up to the total number of awards which the school has been allocated. The school may submit candidates up to three times each year. The school shall submit the names and verification to the Commission according to the following deadlines: Summer, Fall and Spring. The school must use at least 66% of its allocated awards by March 15.

The school shall recommend the students for the Tolbert Grant Program by listing the names of the students and forwarding copies of the Student Aid Report (SAR) for each candidate to the Office of Student Financial Assistance by the required deadlines. The school must verify in a form or format approved by the Commission that each student selected has met each requirement identified in section C in this guideline and was selected according to the guideline identified in sections G and H.

I. Disbursement and Reallocation of Funds

The Commission shall accept award candidates from each eligible school three times per year: Summer, Fall and Spring. The Commission shall transmit funds to the schools in the amount of the grant awards following verification by the Commission that the candidates have been reviewed and selected by the school on the basis of the requirements of these guidelines. Payment shall be made according to standard state rules and regulations regarding payment of vendors. Within five business days of receiving the money from the State, the school must credit the award to the student's account.

Before March 15, the Commission staff shall review the progress of schools in awarding grants to their students. If a school fails to use 66% or more of its allocated awards in the first two periods, the remaining unused awards shall be redistributed to schools meeting the 66% requirement on a pro-rata basis, unless the school losing the awards can show that it has eligible candidates to whom it will make the remaining awards. Schools shall be notified of any reallocation of awards after March 15.

J. Continuation and Renewal

The Tolbert Grant is renewable for a total of two years provided the recipient:

1. continues to meet all requirements for eligibility identified in section C of these guidelines; and
2. is making satisfactory progress towards a certificate of completion according to the approved academic and attendance standards of the private career school.

K. Institutional End of Year Report Audit

All financial books, records, and documents pertaining to this program shall, at all reasonable times, be opened to inspection, review, and audit by the Commission, the State auditor, or their authorized representatives. The school shall retain all such financial books, records, and documents for five years after the close of the fiscal year in which the award was made.

Institutions are required to include this program in any independent audit conducted for the school on financial aid programs.

MARYLAND HIGHER EDUCATION COMMISSION

OFFICE OF STUDENT FINANCIAL ASSISTANCE

GUIDELINES

FOR THE

WILLIAM DONALD SCHAEFER SCHOLARSHIP

SUBMITTED:

MARYLAND HIGHER EDUCATION COMMISSION

Office of Student Financial Assistance

Guidelines for the William Donald Schaefer Scholarship

AUTHORITY

The William Donald Schaefer Scholarship program was enacted into law by the Maryland General Assembly (Annotated Code of Maryland - Education Article Section 18-2701) in 2004. Under law (Annotated Code of Maryland - Education Article Section 18-2701), the Maryland Higher Education Commission has the authority to establish regulations for the administration of this program. This Act takes effect October 1, 2004.

A. PURPOSE

The purpose of the William Donald Schaefer Scholarship is to provide opportunities for young people to attend institutions of higher education so that they may prepare for and pursue careers in public service. Students who perform well academically and agree to work full-time in public service qualify for scholarship assistance.

B. ELIGIBILITY

To be eligible for assistance under the William Donald Schaefer Scholarship, applicants must meet the following general requirements:

1. be a Maryland resident;
2. demonstrate to the Commission and to the Advisory Council a definite financial need;
3. be accepted for admission or currently enrolled as a full-time undergraduate or graduate student at an eligible institution in Maryland that offers courses of study, training, or other educational activities that are designed to prepare individuals for a career in public service as determined under criteria established by the Commission in consultation with the Advisory Council; and
4. sign a letter of intent to perform the service obligation on completion of the required studies.

C. APPLICATION PROCESS

An applicant for this program must:

1. File FAFSA no later than July 1; and
2. Submit appropriate application and documents including:
 - a. a Student Aid Report (SAR) for the upcoming academic year;
 - b. transcripts from all colleges attended, or, high school if high school senior;
 - c. an essay on a topic determined by Commission and Advisory Council; and;
 - d. three letters of reference, one of which should describe applicant's commitment to public service.

D. AWARD AMOUNT

The annual award shall be equal to the cost of the recipient's tuition and mandatory fees, but the award may not exceed the sum of these costs for a full-time resident student at the 4-year public institution of higher education within the University System of Maryland, other than the University of Maryland University College and the University of Maryland, Baltimore, with the highest annual expenses for a full-time resident undergraduate.

E. SELECTION OF RECIPIENTS

The Commission appoints and convenes an Advisory Council to assist in the annual selection of William Donald Schaefer recipients. The Advisory Council is composed of representatives from the segments of higher education in Maryland and organizations that may employ individuals receiving the scholarship. The Commission will review applications to determine student eligibility and rank applicants based on need, academic achievement, three-page essay, and three letters of reference. The Advisory Council is responsible for reviewing the list of eligible applicants and selecting the recipients.

F. AWARD NOTIFICATION

Recipients will be notified in writing of the scholarship award. In order to accept an award, the recipient must provide written acceptance of the award and must sign a promissory note and submit both to the Office of Student Financial Assistance by the date specified in the award notice.

G. RENEWAL AND CONTINUATION

A William Donald Schaefer Scholarship may be renewed for three years if the recipient:

1. remains a resident of the State of Maryland;
2. remains enrolled in an eligible institution;
3. remains enrolled as a full-time undergraduate or graduate student for each semester;
4. makes satisfactory academic progress towards a degree according to the institutions standards; and
5. maintains the standards of the institution.

H. REVOCATION OF AWARD

The William Donald Schaefer Scholarship is canceled if the student:

1. ceases to be a Maryland resident;
2. fails to enroll at a Maryland higher education institution in an eligible program;
3. fails to enroll as a full-time student taking at least 12 credit hours each semester in an undergraduate program, or 9 credit hours each semester in a graduate program, or its equivalent;
4. fails to make satisfactory academic progress towards a degree or certificate;
or,
5. fails to maintain the standards of the institution.

I. PAYMENT

Each semester, eligible institutions shall certify on billing rosters provided by the Office of Student Financial Assistance that the recipient:

1. is a Maryland resident;
2. is enrolled in an eligible academic program;
3. is enrolled for 12 or more hours as a full-time undergraduate, 9 or more hours as a full-time graduate student;
4. is making satisfactory academic progress towards a degree; and
5. maintains the standards of the institution.

J. SERVICE OBLIGATION

Recipients are required to begin employment in the State within one year after completion of their degree program. The recipient is required to perform the service obligation for one year for each year, or portion thereof, that the recipient received the scholarship.

Eligible employment is defined as employment in government at any level, public interest organizations, public schools, and nonprofit organizations (C-3) such as those whose primary purposes are to help needy or disadvantaged persons, or disabled individuals, or to protect the environment.

The service obligation begins after completion of the degree program, and cannot be fulfilled prior to completion.

A recipient of the William Donald Schaefer Scholarship who receives additional service related awards may not fulfill the required service obligations of the scholarships concurrently. The recipient must fulfill the service obligation for the William Donald Schaefer Scholarship in addition to the service obligation for the additional awards, one year for each year or partial year that the recipient received each award.

K. REPAYMENT

A recipient will be required to repay the State if the recipient:

1. has the award revoked;
2. fails to meet graduation requirements;
3. fails to complete the annual questionnaire on performance of service obligation;
4. fails to perform the service obligation for the required amount of time; or
5. otherwise fails to carry out the obligations of the scholarship.

Interest on the funds advanced is an interest rate equal to and matching the interest rate established by the United States Department of Education for the Federal Stafford Loan on the first day of July of each year (enacted by the Maryland General Assembly October 1, 2000), with interest not accruing prior to notification to the Commission of a recipient's graduation or termination from an institution of higher education. Repayment of the grant is waived at the rate of one academic year for each calendar year the recipient performs the service obligation. The repayment schedule is established by the Office of Student Financial Assistance, and payment must be completed within 6 years after repayment begins.

L. DEFERMENT OR WAIVER OF THE SERVICE OBLIGATION AND REPAYMENT

1. It is the intention of the Office of Student Financial Assistance (OSFA) that the recipient will seek employment aggressively in all regions of the State in which eligible employment opportunities exist in public service.

A recipient may receive a deferment during the time the recipient is:

- a. on a temporary leave of absence approved by the employer or the OSFA from full-time employment in the required employment field;
- b. temporarily totally disabled, for a period not to exceed three years;
- c. unable to secure employment for a period not to exceed twelve months by reason of the care required by a spouse or child who is disabled; or
- d. enrolled in a part-time or full-time course of study at an institution of higher education in a degree granting program.

The total number of years a recipient may receive a deferment cannot exceed three.

2. To qualify for any of the deferments a recipient shall notify the Office of Student Financial Assistance, and the Central Collection Unit if the repayment period has begun, of the recipient's claim for the deferment and provide supporting documentation. Such documentation shall consist of:
 - a. certification by the employer that the recipient is on a temporary approved leave of absence from the required employment;
 - b. a sworn affidavit of a qualified physician that the recipient is temporarily totally disabled;
 - c. a sworn affidavit of a qualified physician if the recipient is unable to find employment by reason of the care required by spouse or child who is disabled;
 - d. a certified statement including a list of possible eligible employers with their addresses and telephone numbers to which application has been made if the recipient has been unable to find full-time employment in the required field;
 - e. certification by the college's office of the registrar if the recipient has returned to a full-time course of study at an eligible institution of higher education.

The Office of Student Financial Assistance shall review all documentation to determine whether the deferment conditions have been met and, if so, for what time periods. Before a deferment based on inability to find employment in the eligible field is granted, the Office of Student Financial Assistance will review the submitted documentation and any other information available to it for evidence that the recipient has sought employment aggressively in all regions of the State in which eligible employment opportunities exist in the eligible fields.

During the time a recipient qualifies for any of the deferments described in item 1, the recipient need not make the scholarship repayments and the interest does not accrue.

3. The Office of Student Financial Assistance shall waive a recipient's grant repayment obligation if it determines:
 - a. on the basis of a sworn affidavit of a qualified physician, that the recipient is unable to perform the service obligation on a full-time

basis because of an impairment that is expected to continue indefinitely or result in death; or

- b. on the basis of a death certificate or other evidence of death that is conclusive under State law, that the recipient has died.

M. APPEALS

1. Categories of Appeals

William Donald Schaefer Scholarship recipients can appeal their eligibility for an award for the following criteria:

- a. be enrolled as a full-time undergraduate student and take at least 12 semester hours of courses each semester or its equivalent: Students enrolled for less than 12 credits can still be considered eligible for a full-time William Donald Schaefer Scholarship award if they are participating in a specific course or activity (such as an internship or a practicum) that is required by the institution to complete their academic program. To be considered full-time the actual time spent in the classroom, lab, supervised activity or clinic must equal 180 clock hours or more in a regular semester. The student must be enrolled for a minimum of 6 credit hours.
- b. be enrolled as a full-time graduate student and take at least 9 semester hours of courses each semester or its equivalent: Students enrolled for less than 9 credits can still be considered eligible for a full-time William Donald Schaefer Scholarship award if they are participating in a specific course or activity (such as an internship or a practicum) that is required by the institution to complete their academic program. To be considered full-time the actual time spent in the classroom, lab, supervised activity or clinic must equal 180 clock hours or more in a regular semester. The student must be enrolled for a minimum of 6 credit hours.

2. Appeal Procedures

The student must complete an appeal form provided by the Office of Student Financial Assistance. In completing the appeal form, the student must document the conditions upon which the appeal is based as specified below. Upon receipt of the appeal, the documentation will be reviewed

and a decision will be rendered. The student will be notified of the outcome of the appeal in writing.

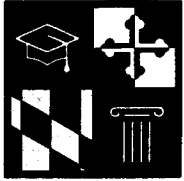
- a. full-time equivalency: If a student is enrolled in a specific course or activity (such as an internship or a practicum) that is required by the institution to complete their academic program that results in the student being enrolled for less than the required credit hours, the student may appeal for consideration for an award. In addition to the appeal form, the student must submit documentation, which includes a statement from the student's department chair that describes the program requirements for that semester and a catalog description of the program and classes involved. The documentation shall also list the number of clock hours required for each activity.

N. FUNDING

The funding for the William Donald Schaefer shall be as provided in the annual budget of the Commission and all awards are contingent upon the continued availability of such funding. The Commission may accept any gift or grant from any person for the William Donald Schaefer Scholarship. These funds shall be deposited with the state Treasurer in a non-budgeted account for use only for the William Donald Schaefer Scholarship.

O. ANNUAL REPORT

On or before December 21 of each year, the William Donald Schaefer Advisory Council and the Commission jointly shall submit an annual report regarding the William Donald Schaefer Scholarship Program to the Governor and in accordance with Section 2-1246 of the state Government article, to the General Assembly.



MHEC

Creating a state of achievement

Robert L. Ehrlich, Jr.
Governor

Michael S. Steele
Lt. Governor

John J. Oliver, Jr.
Chairman

Calvin W. Burnett
Secretary of Higher Education

M E M O R A N D U M

DATE: March 10, 2005

TO: Finance Policy Committee

FROM: *CWB* Calvin W. Burnett STAFF: Dr. Monica E. Randall

SUBJECT: Leasing the Eastern Shore Higher Education Center and Land to Outside Entities

The Eastern Shore Higher Education Center has asked the Maryland Higher Education Commission for advice about leasing the Eastern Shore Higher Education Center to a private high school and leasing land to a farmer. Specifically, the center has asked the Commission to determine whether the leasing of both the regional higher education center and the designated land is consistent with the original purposes for which the State provided funding. Both the land and the regional center were purchased and built with State approved capital funding.

Background

According to the Code of Maryland Regulations (COMAR) 13B.07.04.01D, “[a] college may not enter into an agreement to sell, lease, transfer, or otherwise dispose of real property in which the State has participated without prior approval of the Commission and subsequent approval of the Board of Public Works.” Under this regulation, participation is referred to as ‘State financial participation’ as when, for example, the State has provided funding for the acquisition of real property or construction. The regulations do not specify a dollar amount nor do they specify the length of time for the lease in question.

Commission staff concludes that the intent of this provision is to ensure that community college property, where the State has financially participated, is used for the purposes for which the financial participation was provided. As a result, the leasing of such property for uses that deviate from the purposes for which the State provided funding might be prohibited. At the same time, it may be possible to lease property in such a manner that a college’s use of the property, with respect to its intended purposes, is not diminished at all.

To facilitate the Commission's determination as to whether the leasing of both the regional higher education center and the designated land significantly deviate from the original purposes for which the State provided funding, Chesapeake College submitted to the Commission detailed information about both leases (see letters dated January 5, 2005, and February 7, 2005).

Leasing of Land and Buildings at Chesapeake College

The Chesapeake College has two lease agreements. Under the first agreement, the college leases approximately 35 acres of land to local farmers who use this land for the cultivation of crops. This lease is valued at \$3,920 per year. The Commission staff believes that this agreement does not diminish the college's ability to achieve its mission.

On behalf of the Eastern Shore Higher Education Center, the college also has an annual lease agreement with the Wye River Upper School, a private high school that specializes in services for students with learning disabilities. The center first entered into this agreement during the 2002-2003 academic year. During the day, the school uses approximately 40 percent of the center's teaching and office space. Rental fees from this lease, which generate approximately \$76,000 per year and represent approximately 80 percent of the operating revenue for the center, are used to maintain the basic operation of this facility (i.e., insurance, utilities, keeping the building safe and clean, and minor repairs).

The Commission staff believes that this agreement does not impede the center's ability to implement its mission nor does this agreement diminish the intended purpose of the center. In addition to the high school, three Maryland institutions (University of Maryland Eastern Shore, Salisbury University, and Washington College) provide undergraduate and graduate programs to residents of the Upper Eastern Shore.

RECOMMENDATION: It is recommended that the Finance Policy Committee approve leasing the Eastern Shore Higher Education Center to the Wye River Upper School and land to local farmers and forward this recommendation to the Commission.



January 5, 2005

Ms. Janice Doyle
Assistant Secretary for Finance Policy
Maryland Higher Education Commission
839 Bestgate Road, Suite 400
Annapolis, Maryland 21401-3013

Dear Janice:

In response to your request of December 6, 2004 for information on leases of land and buildings at Chesapeake College, I have provided a short summary for our two current leases. I appreciate your review of the statutory and regulatory requirements for lease of assets, which were acquired in whole or in part with State funds, and I look forward to further guidance on the criteria that will necessitate approval by the Maryland Higher Education Commission and the Board of Public Works.

Land Lease:

Chesapeake College has rented part of its 170 acres to local farmers solely for the cultivation of crops for as far back as anyone can remember. The current lease was developed through an open bid process in fall of 2000. The three-year lease (January 1, 2001 to December 31, 2004) is renewable for an additional three years. Payment of \$112 per acre per year is paid in two installments on May 15 and December 15 annually. The original lease was for 50 acres, and it was subsequently amended to 35 acres with the construction of the Eastern Shore Higher Education Center. This modification in the lease was provided for under "Special Terms" which allow the College to void the lease or to amend the acreage should the college erect new buildings, extend the commonly used grounds, grant right-of-ways, or for any other reason. Total current value of the lease is \$3,920 per year.

As you can see, the dollar value of the lease is fairly small, and this particular agreement does not diminish the College's ability to achieve its mission in any way. If anything, it provides for a little additional revenue in the General Fund. The College land was, however, purchased using State funds and therefore may fall under the COMAR regulation you cited (COMAR 13B.07.04.01D).

Private High School Lease:

On behalf of the Eastern Shore Higher Education Center, on July 2002 Chesapeake College entered into an annual lease agreement with Wye River Upper School (WRUS) for use of space in the Center. WRUS is a private high school specializing in services for students with identified learning disabilities. Importantly, the primary reason the College entered into this lease was the lack of any State funding to

A Comprehensive Regional Community College

operate the Higher Education Center. In the absence of any State support, we had to find another revenue source to keep the building open and to pay the basic expenses.

The original lease generated annual rental fees of \$67,500 for the 02-03 academic year. The WRUS was provided with exclusive daytime use of the second floor, north wing of the center (approximately 25 percent of the entire space) in addition to one of the five faculty offices on the first floor. The maximum number of students for the first year was 20. The lease provided for other potential users of the facility to have access to much of the space, as approved by Chesapeake College, in the evening and/or on the weekends.

The lease was continued for the 03-04 academic year at \$71,000, with an additional classroom on the second floor, south wing. The lease was renewed again for the 04-05 academic year at \$76,000 with use of all but one of the second floor classrooms, a first floor conference room, and an administrative office. The maximum number of students was increased to 60 although the current enrollment is approximately 35. Much of the space is exclusive to WRUS only during daytime hours. The current lease is in effect through August 14, 2005.

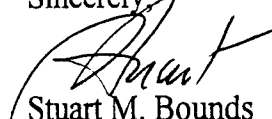
We expect WRUS to formally request an extension of their lease for the 05-06 academic year with terms to be negotiated based on both their need for space and the Center's need for space to meet its own mission to offer upper division and graduate education opportunities to our residents.

While we appreciate and are grateful for the state's commitment to provide a higher education center in our community where such services are desperately needed, no state or local funds have ever been provided for operating the Center. As you are aware, the Commission encouraged the Center to be "entrepreneurial" in generating operating funding. We believe that the educational mission of the WRUS is generally consistent with the concept of broadening the educational opportunities here on the Upper Shore, and quit frankly, we were very fortunate to find a client whose rental fees allowed us to open the doors to the Center. To date, the leasing of space to WRUS has had no negative impact on the Center's ability to meet its mission. The primary barrier to the development of the Center is the lack of State operating funding.

The Center was built with state approved capital funding for construction and donation of the land by Chesapeake College. The rental fees constitute approximately 80 percent of the operating revenue of the Center. The current WRUS usage represents approximately 40 percent of the Center's teaching and office space with much of that space exclusive to WRUS only during the daytime hours.

Please let us know if you need further information and whether these leases will require approval from the Maryland Higher Education Commission and the Board of Public Works. Moreover, we look forward to further guidance on the process for land and facility leases where State funds were involved in the acquisition of the asset.

Sincerely,


Stuart M. Bounds
President

Pc Barbara Houchen
 John Murray



February 7, 2005

Ms. Janice Doyle
Assistant Secretary for Finance
Maryland Higher Education Commission
839 Bestgate Road, Suite 400
Annapolis, Maryland 21401-3013

Dear Janice:

In your recent phone conversation with Dr. Barbara Houchen you requested more information about the leased space in the Eastern Shore Higher Education Center. Specifically, you were interested in knowing the impact of the lease on our ability to implement the mission of the Center.

The rental income we have received as a result of the lease with Wye River Upper School has had a positive impact on our ability to meet the Center's mission. As you are aware, we have received no State operating funds for the Center and frankly, without this lease, we would not have been able to keep the Center open. While we have not fully realized the depth and breadth of programming in the Center that is so desperately needed here in the Upper Shore Region, we have been able to offer several programs.

The Center currently has two graduate programs and one undergraduate program being offered by our partners. The University of Maryland Eastern Shore is offering two cohorts of its Education Doctorate in Leadership and an undergraduate program in Human Ecology: Child Development. Salisbury University is offering a Masters of Education in Elementary Education. Salisbury is also studying the feasibility of an undergraduate Business Administration program for the fall '05 semester. Washington College has offered courses in their psychology master's degree program at the Center.

We have accomplished all of this with no operational funding beyond what it takes to keep the building open. To begin to reach its true potential, the Center needs an infusion of start-up funding beyond what the rental income provides. With the limited rental income from our partners, we cannot hope to build the programs and without building the programming, the income from the partners remains limited. The rental income from the lease, by far the largest source of income, pays for the insurance, utilities, keeping the building safe and clean, and minor repairs. Chesapeake College personnel take the lead role in working with our partners to develop and implement outreach strategies. We promote the programs of the Center in our own schedule of classes and in other materials. We respond to student inquiries and assist in admissions

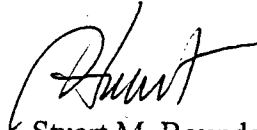
A Comprehensive Regional Community College

and advising activities. We have no dedicated personnel either at Chesapeake College or at our partner institutions whose primary responsibility is to accomplish the mission of the Center. We simply have no funds to support dedicated Center personnel.

Therefore, the income from the leased space has provided an opportunity to begin to meet the vision and mission of the Center. Under the current funding restraints, without the rental income, the College would have to consider limiting the time when the building is open.

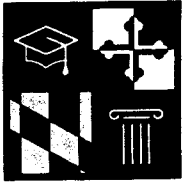
Please feel free to contact Dr. Barbara Houchen or me for any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Stuart M. Bounds", written in a cursive style.

Stuart M. Bounds
President

Pc Barbara Houchen
 Moe Hickey



MHEC

Creating a state of achievement

Robert L. Ehrlich, Jr.
Governor

Michael S. Steele
Lt. Governor

John J. Oliver, Jr.
Chairman

Calvin W. Burnett
Secretary of Higher Education

M E M O R A N D U M

DATE: March 10, 2005

TO: Finance Policy Committee

FROM: *CWB*
Calvin W. Burnett

STAFF: Dr. Monica E. Randall
David S. Beard

SUBJECT: FY 2007 Capital Budget Priorities

The statute creating the Maryland Higher Education Commission requires the Commission to develop guidelines to assess the adequacy of capital funding and make annual recommendations on the appropriate level of funding for higher education capital projects. As a result, the Commission annually establishes capital budget priorities, which provide a uniform framework within which individual capital project requests are recommended.

Overall, the capital budget priorities for fiscal 2007 remain unchanged from last year's priorities. Capital projects are ranked first by the Commission's eight priority categories and then further prioritized within each category by the types of facilities. In addition to these priorities, the Commission staff will require all colleges and universities to submit information that details how a proposed capital project will address the institution's capacity to accommodate students. Upon approval, both the attached set of priorities and information on the impact of a proposed project on institutional capacity will guide Commission staff in the evaluation of the FY 2007 capital budget requests and ultimately the Commission's annual capital budget recommendations to the Governor.

RECOMMENDATION: It is recommended that the Finance Policy Committee approve the FY 2007 Capital Budget Priorities for both two-year and four-year institutions and forward this recommendation to the Commission.

MARYLAND HIGHER EDUCATION COMMISSION **CAPITAL BUDGET PRIORITIES¹**

FY 2007

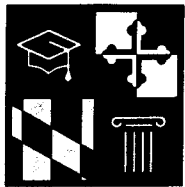
Each year the Maryland Higher Education Commission approves a set of priorities to guide in the evaluation of capital budget requests. All capital projects are placed into one of the priority categories. The Capital Budget Priority Categories provide the basic framework for evaluating and recommending projects. Under the priorities, projects are ranked first by the priority category and further by types of facilities.

Project Priority Categories ▼	Types of Facilities			
	Academic Facilities	Research Facilities	Support Facilities ²	Regional Higher Education Centers
I) Life Safety	Facilities that support the instructional programs essential to the approved role and mission of the institution.	Research facilities consistent with the approved role and mission of the institution.	Administration, physical plant space, and other support services.	Facilities that include participation by more than one institution and offer an array of programs at multiple degree levels.
II) Legal Mandates				
III) Project Completions				
IV) Renovation or Renewal of Existing Projects				
V) Improvements to Utility & Basic Support Services				
VI) New Construction				
VII) Site Improvements				
VIII) Land Acquisition				
				Facilities that address workforce training needs or offer programs that lead to certification in a workforce skill.

Note(s):

¹ Maryland's colleges and universities are also required to provide information on the impact of a proposed project on institutional capacity.

² To the extent possible, institutions are encouraged to seek non-public financing for revenue-generating facilities such as student housing, parking, bookstores, athletic facilities, and dining services.



MHEC

Creating a state of achievement

Robert L. Ehrlich, Jr.
Governor

Michael S. Steele
Lt. Governor

John J. Oliver, Jr.
Chairman

Calvin W. Burnett
Secretary of Higher Education

M E M O R A N D U M

DATE: March 10, 2005

TO: Finance Policy Committee

FROM: *CWB*
Calvin W. Burnett

STAFF: David S. Beard

SUBJECT: Community College Capital Grant Program: State and Local Cost-Sharing Formula

The Community College Capital Grant Program provides State assistance for the construction and improvement of facilities at community colleges. This grant funds the construction of major new facilities, renovation of existing facilities, and improvements to campus infrastructure. In addition, the grant provides funds for the ongoing expansion of Montgomery College – Takoma Park; the systematic renovation of buildings constructed in the 1960s, the improvement of existing infrastructure, and the installation of modern telecommunications infrastructure.

The level of State participation in capital projects for the community colleges is determined by two criteria: the portion of the project that meets the space eligibility requirements for State support; and the State and local cost-sharing formula prescribed in statute and calculated by the Maryland State Department of Education (MSDE). MSDE uses this cost-sharing formula to calculate the State's share in providing financial assistance for public education. The formula is based on a current expense calculation that considers the enrollment of students in elementary and secondary schools and county wealth (e.g., net taxable income; the assessed valuation of real property and; the assessed value of personal property).

Based on this cost-sharing formula, the State contributes between 50 percent and 70 percent of the eligible costs of a project for the community colleges and 75 percent of the eligible costs of a project for regional community colleges. The table below shows the percentage of State share for the FY 2007 community college capital projects.

MARYLAND HIGHER EDUCATION COMMISSION

839 Bestgate Rd. • Suite 400 • Annapolis, MD 21401-3013

T 410.260.4500 • 800.974.0203 • F 410.260.3200 • TTY for the Deaf 800.735.2258 • www.mhec.state.md.us

**Table 1. Community College Capital Grant Program: Percentage of State Share:
FY 2007**

Allegany College of Maryland	68.4%	Garrett College	55.3%
Anne Arundel Community College	50.0%	Hagerstown Community College	58.5%
Carroll Community College	57.4%	Harford Community College	57.7%
Cecil Community College	62.7%	Howard Community College	50.0%
Chesapeake College (Regional)	75.0%	Montgomery College	50.0%
College of Southern Maryland (Regional)	75.0%	Prince George's Community College	62.9%
Community College of Baltimore County	50.0%	Wor-Wic Community Col. (Regional)	75.0%
Frederick Community College	56.1%		

Source: Maryland State Department of Education, FY 2005 State Aid Calculations Report

RECOMMENDATION: This item is for information only.



MHEC

Creating a state of achievement

Robert L. Ehrlich, Jr.
Governor

Michael S. Steele
Lt. Governor

John J. Oliver, Jr.
Chairman

Calvin W. Burnett
Secretary of Higher Education

MEMORANDUM

DATE: March 10, 2005

TO: Finance Policy Committee

FROM: *CWB*
Calvin W. Burnett

STAFF: Dr. Monica E. Randall
Jeffrey Cann

SUBJECT: Report on the Private Donation Incentive Program

The Private Donation Incentive Program (PDIP) provides State-matching funds to promote private fundraising within Maryland's public colleges and universities and to encourage public institutions of higher education to increase the public's level of gifts and donations to the institution's endowments. Since the reauthorization of this program in fiscal 1999, Maryland's public colleges and universities have raised over \$46.3 million from private sources and claimed over \$18.4 million in eligible matching funds.

As required by statute, the Maryland Higher Education Commission must submit to the Governor and General Assembly an annual report on this program. The following report summarizes the total donations received between fiscal 1999 and fiscal 2004.

RECOMMENDATION: This item is for information only.

MARYLAND HIGHER EDUCATION COMMISSION

839 Bestgate Rd. • Suite 400 • Annapolis, MD 21401-3013

T 410.260.4500 • 800.974.0203 • F 410.260.3200 • TTY for the Deaf 800.735.2258 • www.mhec.state.md.us

REPORT ON THE PRIVATE DONATION INCENTIVE PROGRAM

March 2005

BACKGROUND

The Private Donation Incentive Program (PDIP) provides State-matching funds to promote private fundraising within Maryland's public colleges and universities and to encourage public institutions of higher education to increase the public's level of gifts and donations to the institution's endowments. First created by the General Assembly in 1990 for a seven-year period, the State provided matching funds for donations made to the endowments of public institutions and their affiliated foundations. By the end of the seven-year program, the endowments of these institutions increased \$47 million; \$34 million of which came from private donations and \$13 million from State matching funds. Prior to the establishment of this program, most community colleges did not have foundations, endowment accounts, or an organized approach to fund raising. Several community colleges credit this program with enabling them to establish endowment accounts and providing them with an opportunity to develop fund raising procedures.

In 1999, the General Assembly reauthorized the program for an additional six-year period for eligible institutions. The grant period began in fiscal 1999 and with the exception of the State's historically black institutions all donation payments were to be made by June 30, 2004. Since its reauthorization, the General Assembly has made several modifications to this program. As part of the implementation of the State's agreement with the U.S. Department of Education, Office for Civil Rights, General Assembly extended the eligibility period for Maryland's historically black institutions (to January 2006) and increased the maximum payments to \$1.5 million. In addition, the General Assembly passed legislation that increased to \$1.25 million, the maximum State match for eligible donations made to the University of Maryland, Baltimore County. This increase was a result of a change in Carnegie classification for the University of Maryland, Baltimore County.

ELIGIBLE DONATIONS

The State will match only donations designated as endowment gifts. In addition, donations must be made and used solely for academic purposes consistent with the role and mission of the institution as approved by the Maryland Higher Education Commission. Under this program, fiscal 1998 is the base year against which all future contributions are compared for eligibility for the State match. New donor contributions are eligible in full and for repeat donors, the eligible contribution is that portion of the donation that is the increase over the donation given in the base year.

PDIP provides the following State matching ratio for dollars raised by the community colleges and the State's traditionally white institutions and/or their foundations (State funds: Donation funds):

- | | |
|-----|---|
| 1:1 | First \$250,000, or any portion thereof; |
| 1:2 | Next \$1,000,000, or any portion thereof; and |
| 1:3 | Next \$1,250,000. |

For donations made at Maryland's historically black institutions after July 1, 2001 (i.e., fiscal 2002), the State provides a 2:1 match for the first \$250,000 and a 1:1 match for the next \$1 million. Table 1 below shows the maximum State funds allowed over the course of the program for Maryland's public colleges and universities.

Table 1. Maximum State Matching Funds

\$250,000	Community Colleges
\$1,500,000	Bowie State University
	Coppin State University
	University of Maryland Eastern Shore
	Morgan State University
\$1,250,000	University of Maryland, College Park
	University of Maryland, Baltimore
	University of Maryland Baltimore County
\$750,000	Remaining Eligible Institutions

CURRENT STATUS OF THE PROGRAM

Between fiscal 1999 and fiscal 2004, Maryland's public colleges and universities have raised over \$46.3 million from private donors and claimed \$18.4 million in eligible State matching funds (Table II). Through fiscal 2005, Maryland's four historically black institutions received \$4.7 million in State matching funds for the PDIP. Furthermore, the Governor's fiscal 2006 allowance includes an additional \$2.7 million in State matching funds, which will meet the obligated balance due for the State's historically black institutions. This allowance will be distributed on a pro-rated basis to all other eligible institutions (Table II).

Overall, institutions contend that this program has had a significant impact in attracting donors, providing scholarship funds, and building capacity to ensure the continuation of successful campus academic programs. Currently, in the final year of the donor-matching program for all institutions except the HBI's, 20 of the 22 community college campuses have met the maximum State match. Several colleges have received substantial cash donations (Figure I). Furthermore, many of community colleges note that this program has allowed them to substantially increase the number of endowed scholarships.

PDIP is also an important fundraising tool for Maryland's historically black institutions. Overall, the HBIs have raised over \$7.7 million from private sources, of which \$4.9 million is eligible for the match. Morgan State University and University of Maryland Eastern Shore have met the maximum State match, while Bowie and Coppin have until fiscal 2006 to meet the maximum participation (Figure 2).

This program is also a success among the State's other four-year public institutions. All of the research institutions (the University of Maryland, Baltimore; the University of Maryland, Baltimore County, and the University of Maryland, University College) have met the maximum State match and have raised over \$18.4 million. Among the State's other eligible four-year public institutions, five of the six institutions in this category have met the maximum State match and raised over \$11.6 million from private sources (Figures 3 & 4).

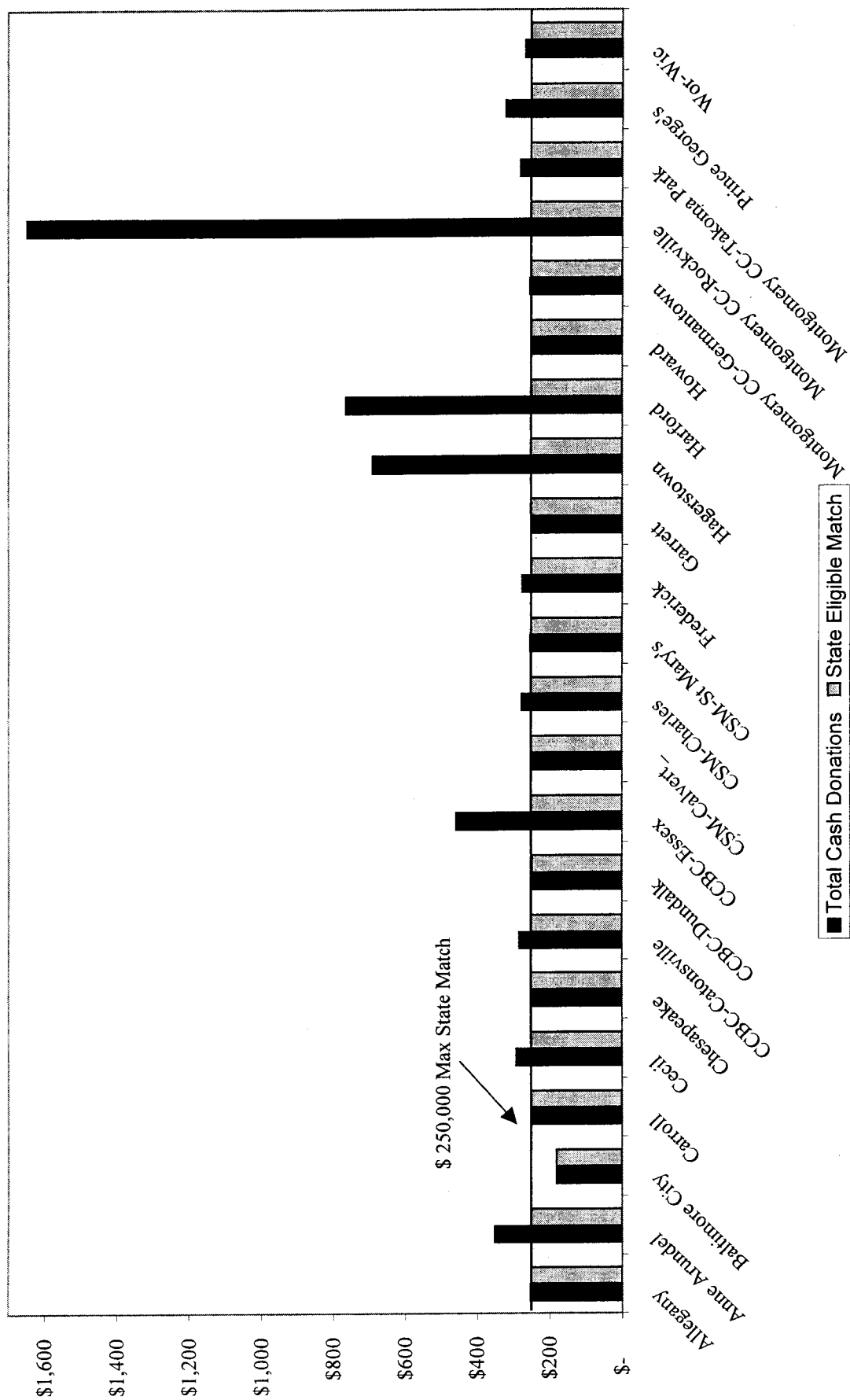
Table II. Private Donation Incentive Program (PDIP) Summary

2/10/2005

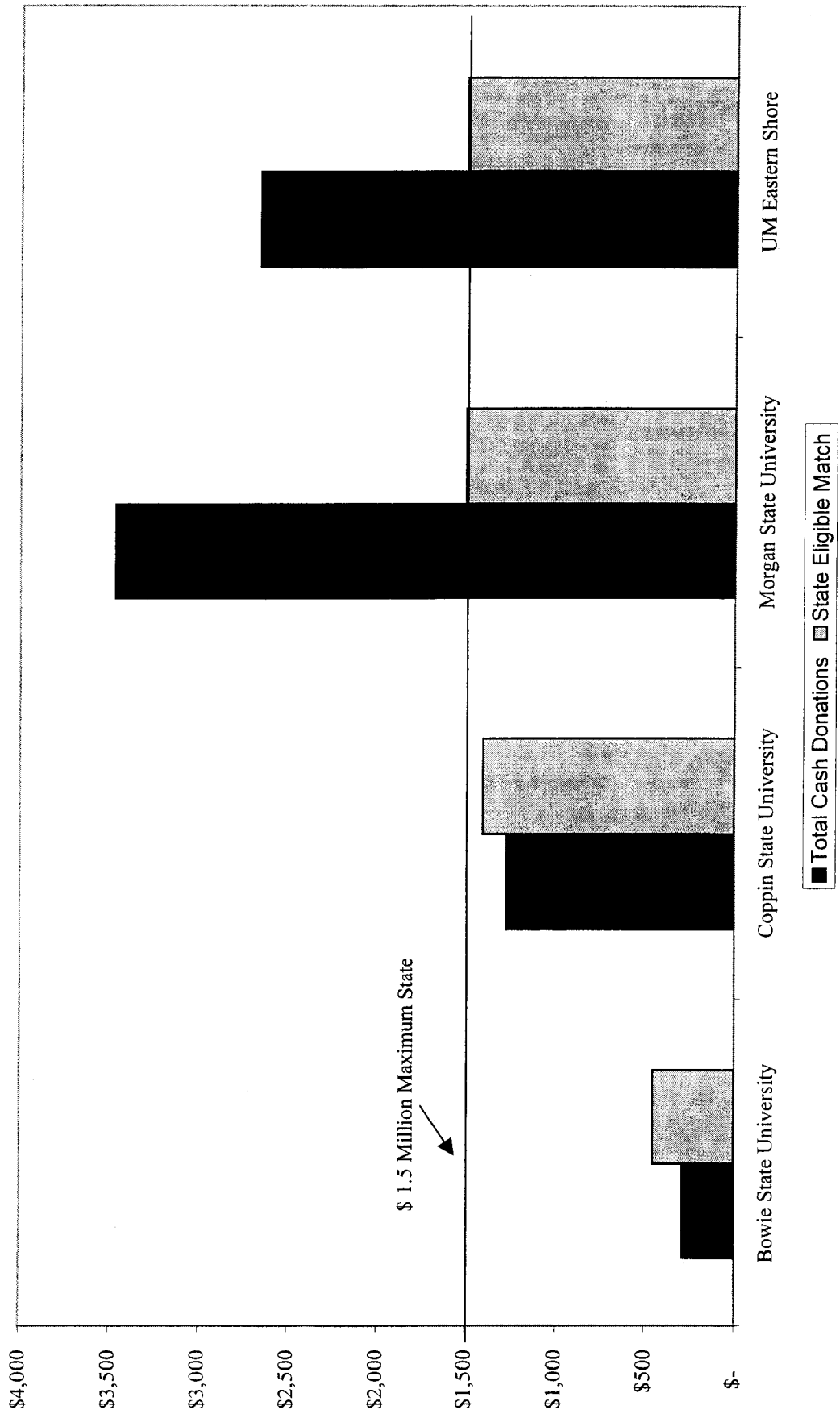
MAXIMUM ELIGIBLE MATCH	COLLEGES & UNIVERSITIES	TOTAL CASH		STATE ELIGIBLE		REMAINING		TOTAL STATE		FY 2006		NET BALANCE DUE		
		DONATIONS FY 99-04		MATCH	AVAILABLE	PAYMENTS FY 2001- 2005	GOVERNORS ALLOWANCE	GOVERNORS ALLOWANCE						
\$	250,000	Allegany	\$	252,547	\$	250,000	\$	-	\$	167,885	\$	21,920	\$	60,195
250,000	Anne Arundel	350,626	250,000	-	-	250,000	65,370	49,287	135,343	49,287	135,343			
250,000	Baltimore City *	180,478	180,478	-	-	250,000	60,501	50,586	123,558	56,920	123,558			
250,000	Carroll	250,000	250,000	-	-	250,000	20,508	61,262	138,913	50,586	138,913			
250,000	Cecil	292,084	250,000	-	-	250,000	44,536	54,848	168,230	61,262	168,230			
250,000	Chesapeake	282,931	250,000	-	-	250,000	15,825	66,737	150,616	66,737	150,616			
250,000	CCBC-Catonsville	248,130	248,130	-	-	250,000	76,930	45,236	183,263	66,737	183,263			
250,000	CCBC-Dundalk *	457,411	250,000	-	-	250,000	158,335	24,470	127,834	45,236	127,834			
250,000	CCBC-Essex	276,758	250,000	-	-	250,000	76,930	46,201	67,195	46,201	67,195			
250,000	CSM-Calvert	252,614	250,000	-	-	250,000	24,271	60,258	126,869	60,258	126,869			
250,000	CSM-Charles	275,246	250,000	-	-	250,000	128,419	32,456	165,471	66,737	165,471			
250,000	CSM-St Mary's	250,100	250,000	-	-	250,000	28,090	59,238	183,263	32,456	183,263			
250,000	Frederick	690,387	250,000	-	-	250,000	42,845	55,300	89,125	55,300	89,125			
250,000	Garrett	764,226	250,000	-	-	250,000	30,682	58,547	160,771	58,547	160,771			
250,000	Hagerstown	250,038	250,000	-	-	250,000	250,000	-	136,555	49,728	136,555			
250,000	Harford	252,766	250,000	-	-	250,000	63,717	52,390	143,867	52,390	143,867			
250,000	Howard	1,647,456	250,000	-	-	250,000	78,071	43,896	126,033	43,896	126,033			
250,000	Montgomery CC-Germantown	279,948	250,000	-	-	250,000	-	-	-	-	-			
250,000	Montgomery CC-Rockville	319,991	250,000	-	-	250,000	-	-	-	-	-			
250,000	Montgomery CC-Takoma Park	265,390	250,000	-	-	250,000	-	-	-	-	-			
250,000	Prince George's													
250,000	Wor-Wic													
\$	5,500,000	Sub-Total Community Colleges	\$	8,339,127	\$	5,428,608	\$	-	\$	1,386,658	\$	1,086,768	\$	2,955,182
Four-Year Institutions														
\$	1,500,000	Bowie State University *	\$	288,280	\$	453,048	\$	1,046,952	\$	383,012	\$	70,036	\$	-
1,500,000	Coppin State University *	1,271,207	1,401,724	98,277	1,288,745	112,979	-	-	-	-	-	-	-	
1,500,000	Morgan State University	3,469,766	1,500,000	-	1,500,000	-	-	-	-	-	-	-	-	
1,500,000	UM Eastern Shore	2,659,090	1,500,000	-	1,500,000	-	-	-	-	-	-	-	-	
\$	6,000,000	HBI's	\$	7,688,343	\$	4,854,772	\$	1,145,229	\$	4,671,757	\$	183,015	\$	-
\$	750,000	Frostburg State University	\$	2,201,269	\$	750,000	\$	-	\$	200,211	\$	549,789	\$	430,391
750,000	St. Mary's College of Maryland	2,434,855	750,000	-	162,878	156,731	-	-	430,391	156,731	430,391			
750,000	Salisbury University *	1,004,717	627,359	-	167,472	459,886	-	-	459,886	167,472	459,886			
750,000	Towson University	1,756,407	750,000	-	273,625	127,167	-	-	349,208	127,167	349,208			
750,000	University of Baltimore	2,427,898	750,000	-	347,019	107,575	-	-	295,406	107,575	295,406			
750,000	UM University College	1,821,680	750,000	-	135,114	164,143	-	-	450,743	164,143	450,743			
\$	4,500,000	Sub-Total Four-Year Institutions	\$	11,646,826	\$	4,377,359	\$	-	\$	918,636	\$	923,299	\$	2,535,423
Research Institutions														
\$	1,250,000	UM, Baltimore	\$	2,806,971	\$	1,250,000	\$	-	\$	442,397	\$	215,588	\$	592,015
1,250,000	UM Baltimore County	11,617,698	1,250,000	-	396,825	227,753	-	-	625,422	227,753	625,422			
1,250,000	UM, College Park	4,244,665	1,250,000	-	1,101,743	39,577	-	-	108,680	39,577	108,680			
\$	3,750,000	Sub-Total Research Institutions	\$	18,669,334	\$	3,750,000	\$	-	\$	1,940,965	\$	482,918	\$	1,326,117
\$	19,750,000	TOTAL	\$	46,343,630	\$	18,410,738	\$	1,145,229	\$	8,918,016	\$	2,676,000	\$	6,816,722

Note * indicates maximum match not met

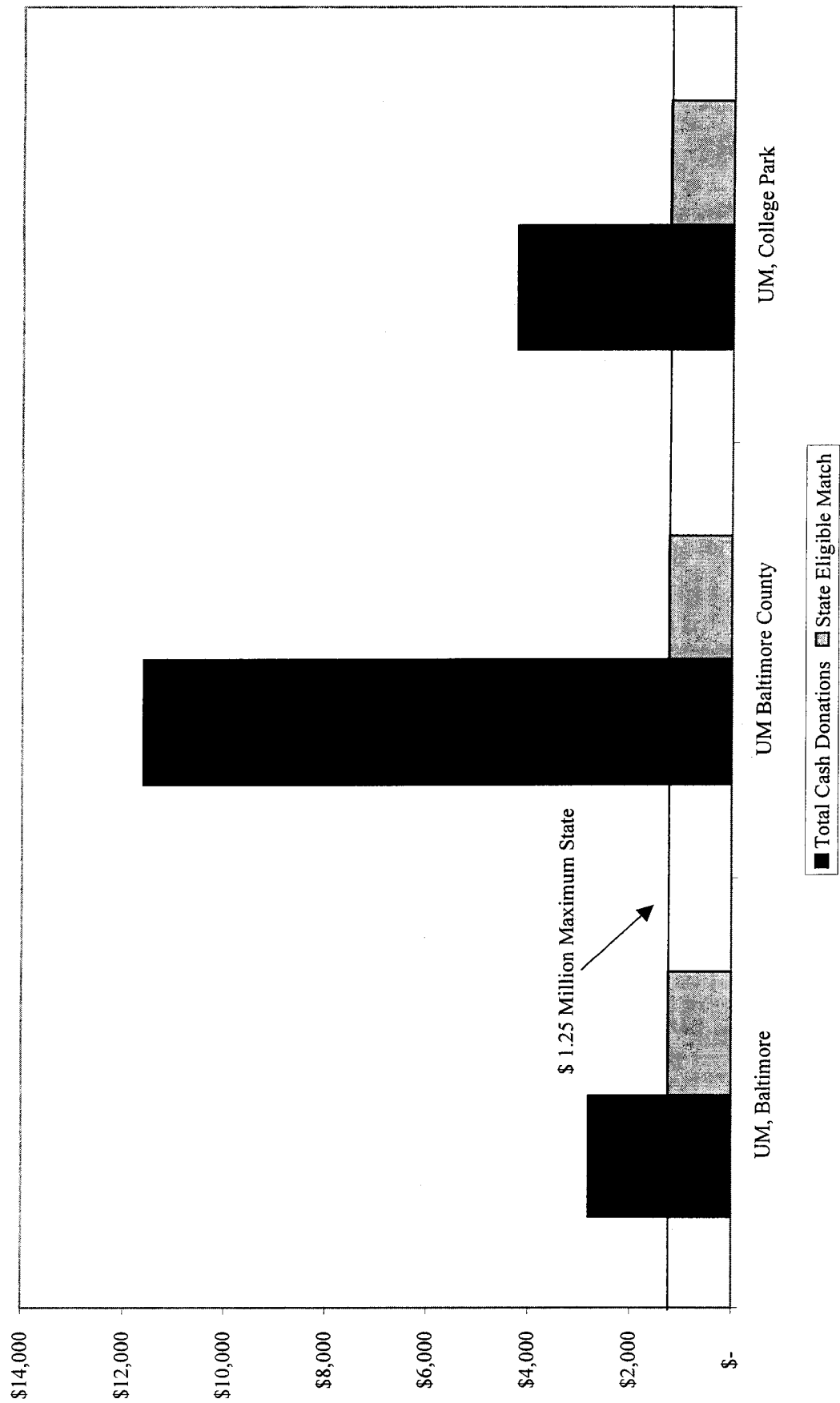
**Figure 1. Community Colleges Total Cash Donations and Eligible State Match:
FY 1999-2004 (In Thousands)**



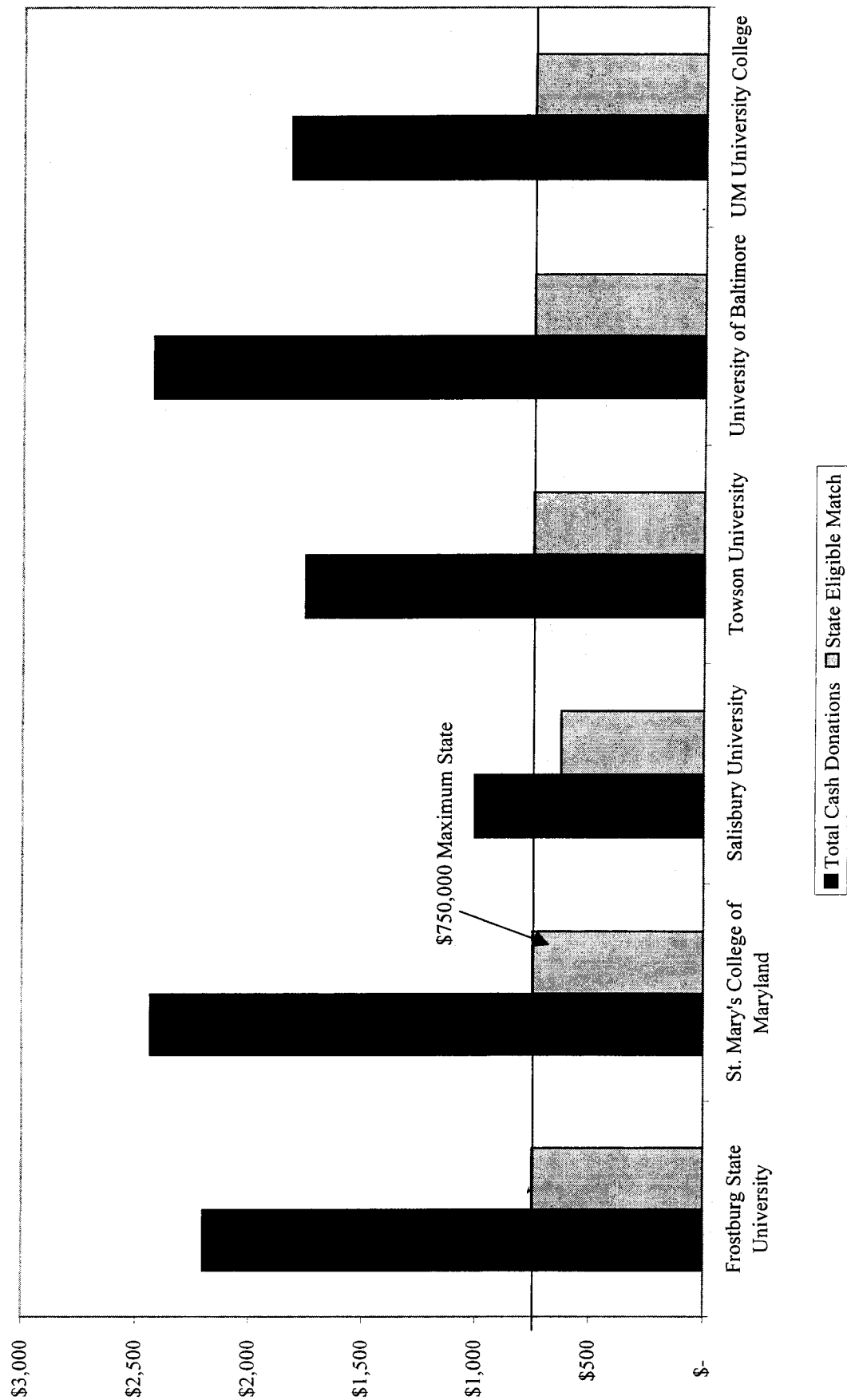
**Figure 2. Historically Black Institutions Total Cash Donations and Eligible State match:
FY 1999-2004 (In Thousands)**



**Figure 3. Maryland Research Institutions Total Cash Donations and Eligible State Match:
FY 1999-2004 (In Thousands)**



**Figure 4. All Other Eligible Four-Year Institutions Total Cash Donations and Eligible State Match:
FY 1999-2004 (In Thousands)**





MHEC

Creating a state of achievement

Robert L. Ehrlich, Jr.
Governor

Michael S. Steele
Lt. Governor

John J. Oliver, Jr.
Chairman

Calvin W. Burnett
Secretary of Higher Education

MEMORANDUM

DATE: March 10, 2005

TO: Finance Policy Committee

FROM: Calvin W. Burnett *CWB*

STAFF: Dr. Monica E. Randall
Jeffrey Cann

SUBJECT: Report on the Innovative Partnerships for Technology Program

The Innovative Partnerships for Technology Program (IPT) provides State-matching funds for donations from the private sector or public foundations for the technology needs of eligible community colleges. Community colleges may receive contributions in the form of cash or non-cash donations. All donations must be earmarked specifically for technology. Contributions earmarked specifically for technology are matched by the State, dollar-for-dollar, up to \$700,000 per eligible institution over the grant period (fiscal 1999 to fiscal 2006).

As required by statute, the Maryland Higher Education Commission must submit to the Governor and General Assembly an annual report on the Innovative Partnership for Technology (IPT) program. The following report summarizes the eligible donations received between fiscal 1999 and 2004 and examines the impact of this program on the technology resources available to the community colleges.

RECOMMENDATION: This item is for information only.

**REPORT ON THE INNOVATIVE PARTNERSHIPS
FOR TECHNOLOGY PROGRAM**

March 2005

BACKGROUND

The Innovative Partnerships for Technology Program (IPT) provides State-matching funds for donations from the private sector or public foundations for the technology needs of eligible community colleges. Community colleges may receive contributions in the form of cash or non-cash donations. All donations must be earmarked specifically for technology. The purpose of the program is to enhance the technology resources available to the community colleges and to leverage private and foundation support through the use of State matching funds. This program attempts to address the burgeoning demands for technology at the community colleges, which must develop and sustain strong technological infrastructures, services and training vital to continue their role for academic and professional success. As community colleges work to develop new business alliances and working partnerships, as well as new technology endowments, contributions earmarked specifically for technology are matched by the State, dollar-for-dollar, up to \$700,000 per eligible institution over the grant period (fiscal 1999 to fiscal 2006).

Chapters 600 and 601, Acts of 1998 initially established the IPT program. Under this program, the State agreed to match a maximum of \$400,000, which was broken down into two, \$200,000 increments over a four-year period (fiscal 1999 to fiscal 2002) for each community college. This initial four years of the IPT program was a great success with all but one eligible institution achieving the maximum State match. The State is required to pay the match in the third fiscal year following the eligible donation.

In 2002, the General Assembly passed legislation, which extended the eligibility period of the IPT program for four additional fiscal years and changed the maximum State match amount (Chapter 413, Acts of 2002). With the modification and extension of this program, the State has agreed to match a maximum of \$300,000, which is broken down into two \$150,000 increments over a four-year period (fiscal 2003 to fiscal 2006) for each community college. Once again, the State is required to pay this match in the third fiscal year following the eligible donation. Therefore, fiscal 2005 will be the first year in which donations up to \$150,000 must be matched and fiscal 2009 will be the fourth and final year for providing State-matching grants under Chapter 413.

The first round of the second phase of the IPT program has ended with donations exceeding \$2.9 million. Between fiscal 1999 to fiscal 2004, eligible State-matching donations totaled over \$11.6 million, however fiscal constraints in recent years led the State to defer its matching obligations. Currently, \$7.1 million of the \$11.6 million in State matching payments have been made with a balance due of \$4.5 million. The Governor's fiscal year 2006 allowance includes matching funds of \$1.6 million with the remaining balances to be deferred to future years (Table I).

ELIGIBLE DONATIONS

For a donation to be considered eligible, it must be made by an eligible donor and designated for technology, which is defined under statute as "any hardware, software, communication infrastructure, associated training, and contracted services that enable local or global

presentation, exchange, and transmission of information in digital or analog form for teaching, learning, student support services and administration.” The definition of technology includes capital expenditures but does not include staff. Any individual, private or public foundation (including the affiliated foundation of a community college), non-profit organization, or business may be an eligible donor. However, no local, State, federal or foreign government entity can be an eligible donor. Donations of equipment are assessed at fair market (monetary) values by an independent evaluator. Given the expense of upgrading old equipment and of making different systems compatible, a campus has the right to refuse equipment on a case-by-case basis.

IMPACT OF THE PROGRAM

The community college campuses participating in IPT report that the program has had an immediate impact on their institutions, accruing both short-term and long-term benefits to instruction, student services, and administration. It is clear that the IPT program acts as a catalyst for developing community partnerships that will remain an important part of the institutions’ efforts to keep up with the demand for rapidly evolving instructional and administrative technology. In general, the colleges focused their efforts first on instructional technology to benefit students directly. More specifically, they note the following program benefits:

- New curricular programs for workforce development generated by college-corporate partnerships;
- Increased communication between the community colleges and area organizations, resulting in curricular innovation, new instructional sites, and technology advisory boards;
- New and upgraded computer labs for students;
- New instructional equipment and software for faculty and students, including specialized software and equipment for mathematics, electronics, manufacturing, nursing, and allied health;
- The addition of “smart classrooms,” which are equipped with multimedia instructional technology;
- The creation of technology endowments to support current and future technology needs;
- Improved administrative computing, including better software for tracking enrollment and providing student services; and
- Servers and software to enhance or allow online courses and related means of distance learning.

Maryland community colleges have received donations from national and regional corporations, local businesses, foundations, and individuals. These contributions came in the form of:

- Cash, including funds earmarked for technology endowments;
- Donated installation, consulting, and maintenance services;
- Price discounts on hardware and software; and
- Donated software and hardware and other equipment.

Though significant technology needs persist, overall the IPT Program is a public-private endeavor that has provided markedly improved technology to Maryland community colleges and has been instrumental in forging new means of addressing the technology needs of the community colleges.

Although participation in this program has been outstanding, the community colleges have expressed their concerns regarding the timing of State-matching payments. In general, fiscal constraints have led the State to defer its matching obligations. As previously mentioned, only \$7.1 million of the \$8.7 million in State matching payments for Phase I of this program have been made with the remaining Phase I balance to be paid from the fiscal 2006 allowance. The funding for the new round (Phase II) will be deferred until at least fiscal 2007. Many institutions are concerned that with the continued delay of these payments, donors may be apprehensive of making significant contributions until the State matches its previous commitments.

Table I. Innovative Partnerships For Technology Donations and Eligible Match: FY 1999-2004

Institution	FY 1999-2000		FY 2001-2002		FY 2003-2004		Total Eligible		Total State		FY 2006	
	1st Eligible Period	2nd Eligible Period	2nd Eligible Period	3rd Eligible Period	3rd Eligible Period	Donations	Payments	Allowance	Balance Due			
Allegany College of Maryland	\$ 200,000	\$ 200,000	\$ 200,000	\$ 150,000	\$ 550,000	\$ 333,500	\$ 66,500	\$ 150,000				
Anne Arundel Community College	200,000	200,000	200,000	150,000	550,000	312,131	87,869	150,000				
Baltimore City Community College	200,000	200,000	200,000	-	400,000	342,880	57,120	-				
Carroll Community College	200,000	200,000	137,252	150,000	487,252	268,626	68,626	150,000				
Cecil Community College	200,000	200,000	200,000	150,000	550,000	303,287	96,713	150,000				
College of Southern MD--Calvert Co./Prince Frederick	200,000	200,000	200,000	150,000	550,000	318,536	81,464	150,000				
College of Southern MD--Charles Co./Waldorf/La Plata	200,000	200,000	200,000	150,000	550,000	365,740	34,260	150,000				
College of Southern MD--St. Mary's Co./Leonardtown	200,000	200,000	200,000	150,000	550,000	345,017	54,983	150,000				
Chesapeake College	200,000	200,000	200,000	150,000	550,000	324,449	75,551	150,000				
Community College of Baltimore Co.--Catonsville	200,000	200,000	200,000	150,000	550,000	340,606	59,394	150,000				
Comm. Coll. of Baltimore Co.--Dundalk	200,000	200,000	200,000	150,000	550,000	320,910	79,090	150,000				
Comm. Coll. of Baltimore Co.--Essex	200,000	200,000	200,000	150,000	550,000	339,662	60,338	150,000				
Frederick Community College	200,000	200,000	200,000	-	400,000	302,154	97,846	-				
Garrett College	200,000	200,000	200,000	78,699	478,699	304,103	95,897	78,699				
Hagerstown Community College	200,000	200,000	200,000	150,000	550,000	314,540	85,460	150,000				
Harford Community College	200,000	200,000	200,000	150,000	550,000	299,458	100,542	150,000				
Howard Community College	200,000	200,000	200,000	150,000	550,000	299,184	100,816	150,000				
Montgomery College--Germantown	200,000	200,000	200,000	150,000	550,000	348,326	51,674	150,000				
Montgomery College--Rockville	200,000	200,000	200,000	150,000	550,000	342,714	57,286	150,000				
Montgomery College--Takoma Park	200,000	200,000	200,000	150,000	550,000	316,534	83,466	150,000				
Prince George's Community College	200,000	200,000	200,000	150,000	550,000	298,748	101,252	150,000				
Wor-Wic Community College	200,000	200,000	200,000	150,000	550,000	363,767	36,233	150,000				
Total	\$ 4,400,000	\$ 4,337,252	\$ 4,337,252	\$ 2,928,699	\$11,665,951	\$ 7,104,870	\$ 1,632,382	\$ 2,928,699				

Note(s) :

- 1) First IPT eligible period consists of Fiscal Years 1999 & 2000
- 2) Second IPT eligible period consists of Fiscal Years 2001 & 2002
- 3) Third IPT eligible period consists of Fiscal Years 2003 & 2004
- 4) Fourth IPT eligible period will be Fiscal Years 2005 & 2006

Innovative Partnerships for Technology Fiscal 1999-2004

